



Daily Report

East Asia

FBIS-EAS-89-190
Tuesday
3 October 1989

Daily Report

East Asia

FBIS-EAS-89-190

CONTENTS

3 October 1989

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

Further Reportage on 'Arafat Visit	1
'Arafat Meets Kaifu [KYODO]	1
Views Israeli Talks 'Without Preconditions' [KYODO]	1
Meets With Opposition Leaders [KYODO]	3
Israeli Ambassador Criticizes Visit [KYODO]	3
Kaifu Meets With OECD Secretary General [KYODO]	3
Kaifu, U.S. Economic Advisors Council Head Meet [KYODO]	3
MSDF Escorting U.S. Naval Vessels in Exercise [KYODO]	4
USMC Okinawa Live Firing Exercises Protested [OKINAWA TIMES 3 Oct]	4
Kadena Town Protests U.S. B-52 Bombers Arrival [Naha TV]	4
MITI Minister Meets Electronics Manufacturers [KYODO]	5
DPRK Party Official Criticizes Nakayama Speech [KYODO]	5
PRC's Wan Li Meets With LDP Diet Group [Tokyo TV]	5
USSR Urges N. Territories Fishery Joint Venture [KYODO]	6
Talks With Hungary on Transport Technology Aid [KYODO]	6
Mitsui To End Petrochemical Project With Iran [KYODO]	7
Japan Largest Contributor to Developing Countries [KYODO]	7
Foreign Exchange Reserves Fall in Sep [KYODO]	7
Japan To Launch Import Campaigns in Oct [KYODO]	7
Major Trading Firms Report Rise in Aug Imports [KYODO]	8
Major Increase in Capital Spending Foreseen [KYODO]	8
MITI Favors Retailers Consumption Tax Choice [KYODO]	8

North Korea

Foreign Ministry Statement on U.S. 'Strategy' [Pyongyang Radio]	9
Foreign Ministry Demands End to 'War Gamble' [KCNA]	10
South 'Anticommunist Fascistisation' Denounced [KCNA]	11
South's New Reunification Formula Denounced [KCNA]	11
South Repression, Reunification Examined [KCNA]	12
Delegates Support DPRK Reunification Plan [KCNA]	12
Afghanistan Supports Proposal [KCNA]	13
Laotian Secretary Expresses Support [KCNA]	13
Letter Sent to South Groups by International Mail [Pyongyang Radio]	13
Chonminyon Action Plan for Struggle Noted [KCNA]	14
News Conference Held at Soviet Embassy [KCNA]	14
Hong Song-nam Meets Soviet Planning Delegation [KCNA]	14
Reportage on GDR Delegation Visit to DPRK	14
Soldiers Mark GDR Anniversary [KCNA]	14
Envoy Spurns South Relations [KCNA]	14
Film Show Marks Anniversary [KCNA]	14
Kim Il-song Receives Romanian Military Delegation [KCNA]	15
Delegation Gives Gift to Kim Chong-il [KCNA]	15
Chongnyon Claims Hostile Japanese Acts [KCNA]	15
Japanese DPRK 'Smear Campaign' Denounced [KCNA]	15
PRC Military Delegation Arrives in Pyongyang [KCNA]	16
Kim Il-song Meets Former Mongolian Envoy's Sons [KCNA]	16

Commodities Protocol With Mongolia Signed [KCNA]	16
Ho Tam, Delegation Return From Bulgaria [KCNA]	16
Vice Foreign Minister Meets Counterparts at UN [KCNA]	17
New Housing Provided to 5,000 Pyongyang Families [KCNA]	17
Need for Small, Medium Power Stations [Pyongyang Radio]	17
Minister Attends Film Distribution Meeting [KCNA]	19

South Korea

Student Allowed To Contact DPRK Diplomat [YONHAP]	19
Hope Expressed for South-North Talks Progress [HANGUK ILBO 1 Oct]	20
U.S. Official's Remarks on DPRK Ties Noted [SHUGANG ILBO 29 Sep]	20
Students Urged To Refrain From Anti-U.S. Acts [YONHAP]	21
Populace Polled on War Readiness, U.S. Presence [THE KOREA TIMES 3 Oct]	21
Security Planning Rights Violations Assailed [HANGYORE SINMUN 30 Sep]	22
BOK Governor on Foreign Exchange Reforms [THE KOREA TIMES 1 Oct]	22
Agricultural Market Opening Impact Studied [THE KOREA TIMES 3 Oct]	23
Claims Against Product Quality, Delivery Rise [THE KOREA TIMES 3 Oct]	23
Television Program on Alar Controversy Reviewed [THE KOREA TIMES 1 Oct]	23
'Economic Justice' Purpose of Land Reform [THE KOREA TIMES 30 Sep]	24
Ninth Nuclear Power Plant Begins Operation [THE KOREA TIMES 1 Oct]	24
Sep Trade Account Expected To Be in Red [THE KOREA TIMES 1 Oct]	25
6-Month Industrial Forecasts Released	25
* Overall Growth Rate [CHUGAN MAEKYONG 6 Jul]	25
* Slower Machinery Growth [CHUGAN MAEKYONG 6 Jul]	28
* Slowed Auto Production [CHUGAN MAEKYONG 6 Jul]	29
* Increased Electronics Competition [CHUGAN MAEKYONG 6 Jul]	30
* Recovery in Steel Exports [CHUGAN MAEKYONG 6 Jul]	31
* Petrochemical Boom Peaks [CHUGAN MAEKYONG 6 Jul]	31
* Textiles Face Export Difficulty [CHUGAN MAEKYONG 6 Jul]	32
* Marine Transportation Sector [CHUGAN MAEKYONG 6 Jul]	33
* Low Shipbuilding Profits [CHUGAN MAEKYONG 6 Jul]	34
* Food Industry Prospects [CHUGAN MAEKYONG 6 Jul]	35
* Footwear Exports Improve [CHUGAN MAEKYONG 6 Jul]	36
Police Prepare for Possible Attacks on Pope [YONHAP]	36

SOUTHEAST ASIA

Brunei, Malaysia & Singapore

Malaysia

Singapore Envoy Denies U.S. Military Cooperation [Kuala Lumpur TV]	38
Minister Discusses Burma, SRV Flight Agreements [BERNAMA]	38

Singapore

U.S. Military Offer 'Surprise' to Government [THE STRAITS TIMES 2 Oct]	38
--	----

Cambodia

Ney Pena-Led Party Delegation Leaves for GDR [Phnom Penh Radio]	39
Commander Accuses Thailand of Aiding Resistance [KYODO]	39
Minister Interviewed on Military Situation [Prague RUDE PRAVO 30 Sep]	39
Phnom Penh Troops Said Entrenched Around Pailin [AFP]	40
Svay Rieng Introduces New Province Battalions [Phnom Penh Radio]	40
Bou Thang Tours 4th, 5th Military Regions [Phnom Penh Radio]	41
Nationwide Agricultural Production Updated [Phnom Penh Radio]	41
PRC President Expresses Support to Sihanouk [Radio VODK]	41
CGDK Sends Greetings on PRC National Day [Radio VODK]	42

Resistance Said To Seize Thmar Puok Town [Radio VONADK]	43
Spokesmen Quoted on Fighting [BANGKOK POST 3 Oct]	43
Sisophon Battle Report Updated [Radio VOK]	44

Laos

Statement on SRV Troop Withdrawal Hailed [Vientiane Radio]	44
Future of Cambodia After Withdrawal Viewed [Vientiane Radio]	45
Activities Commemorating 40th PRC National Day	45
Leaders Send Greetings [KPL]	45
Editorial Marks National Day [Vientiane Radio]	46
Correspondent Recalls Friendship With PRC [Vientiane Radio]	47
Thai Investors To Open Bank in Vientiane [THE NATION 2 Oct]	47

Philippines

High Court To Hear Appeal on Marcos Return [Quezon City Radio]	48
Aquino Rules Out State Honors for Marcos [Manila Radio]	48
Military 'Blue Alert' for Marcos-Related Unrest [Quezon City Radio]	48
Marcos 'Cronies' To Be Denied Passports [Manila Radio]	49
Aquino Unaware of Ver's Whereabouts [Quezon City Radio]	49
Editorials Comment on Marcos' Death, Aftermath	49
'Self-Criticism' by Administration Urged [PHILIPPINE DAILY GLOBE 30 Sep]	49
No 'Unsettling Effect' Foreseen [MANILA BULLETIN 30 Sep]	49
'Cause-Oriented Groups' Hold Antibases Rally [Manila Radio]	50
Militants Assail House Speaker on Referendum Plan [PHILIPPINE DAILY INQUIRER 1 Oct]	50
Senator on Economic Advantages of U.S. Bases [MANILA BULLETIN 2 Oct]	51
Debt Service Payment Reaches \$2.39 Billion [THE MANILA CHRONICLE 2 Oct]	51
De Villa Claims Success in Counterinsurgency [Quezon City Radio]	52
De Villa Admits Threat to National Security [PHILIPPINE DAILY INQUIRER 3 Oct]	52
Sabotage Ruled Out in Metro Manila Power Outage [Manila Radio]	53
Rebels Said Infiltrating Citizen Military Units [PHILIPPINE DAILY GLOBE 2 Oct]	53
Rebel Documents Reveal Plan To Kill Students [Manila Radio]	53
Communist Leader Admits Political Losses [THE MANILA CHRONICLE 17 Sep]	53
Mindanao Firearms Ban Takes Effect 4 Oct [Manila Radio]	54
Rights Abuses Feared From Negros Military Sweep [MANILA BULLETIN 3 Oct]	54
Communists Seek 'Public Apology' From Ex-Leader [MALAYA 15 Sep]	55
Slower Economic Growth Foreseen for 1989 [MANILA BULLETIN 30 Sep]	55
Increased Raw Sugar Production Reported [BUSINESS WORLD 3 Oct]	56
Gonzalez Denies Setting Condition for Party Post [Manila Radio]	56
Manglapus Views Legislators' Cambodia Visit [PHILIPPINE DAILY INQUIRER 1 Oct]	57
Enrile Criticizes Recognition of PLO [MANILA BULLETIN 3 Oct]	57

Thailand

Delegation To Present Drug Plan to U.S. [BANGKOK POST 29 Sep]	57
U.S-Thai Air Traffic Talks Conclusion Delayed [THE NATION 2 Oct]	58
Soviet Official Discusses Aid to Phnom Penh [BANGKOK POST 3 Oct]	59
Military Spokesman Comments on SRV Charges [MATICHON 2 Oct]	59
Accusation Termed 'Unfounded' [Radio VOFA]	60
Austrian Chancellor Arrives for 2-Day Visit [Bangkok TV]	61
Chancellor Ends Visit 2 Oct [Bangkok TV]	61

Vietnam

Reportage on PRC 'Provocation' Against Spratlys	61
Spokesman Issues Statement [Hanoi International]	61
Protest Lodged at PRC Embassy [AFP]	61
Vo Chi Cong Sends Greetings to PRC [VNA]	62
Participation in West Berlin Trade Fair Noted [VNA]	62

Cooperation Pacts Signed With Bloc Countries [VNA]	62
Leaders Greet Anniversary of Pact With Bulgaria [VNA]	62
Economic Cooperation With Bulgaria Examined [Hanoi Radio]	63
SRV, UK-U.S. Trust Begin Joint Project [VNA]	63
Nguyen Co Thach Meets Philippine Parliamentarians [VNA]	63
Friendship Association Invites Japanese Guests [VNA]	64
UN Film To Discourage Boat People Departures [AFP]	64
Activities Mark Return of Soldiers From Cambodia	64
Vo Chi Cong Signs Award Order [Hanoi Radio]	64
'Solemn Ceremony' Held [VNA]	64
Leaders Visit Troops [VNA]	65
Ho Chi Minh City Holds Meeting [Hanoi Radio]	65
Can Tho Holds Meeting [VNA]	66
Pleiku Holds Ceremony [Hanoi Radio]	66
Photo Exhibit Opens [VNA]	67
VNA Cites Foreign Reaction to Pullout [VNA]	67
Radio Urges End to Arms Supplies for Khmer Rouge [Hanoi International]	67
Cambodian People's View of Khmer Rouge [Hanoi International]	68
Central Party School Marks 40th Anniversary [VNA]	68
Nguyen Van Linh Address at Party School Ceremony	69
'First Installment' [Hanoi Radio]	69
'Second Installment' [Hanoi Radio]	70
Do Muoi Addresses Party School Ceremony [Hanoi Radio]	72
Nguyen Thanh Binh Attends National Youth Meeting [VNA]	73
Hanoi Party Committee Studies Plenum Resolution [Hanoi Radio]	73
Nationwide Agricultural Production Reported [Hanoi Radio]	73

AUSTRALASIA

Fiji

Rabuka To Quit Politics, Retain Military Post [Melbourne International]	75
---	----

New Zealand

Palmer Urges Drift Net Ban, Criticizes France [Melbourne International]	75
---	----

Japan

Further Reportage on 'Arafat Visit

'Arafat Meets Kaifu

OW0310060389 Tokyo KYODO in English 0501 GMT
3 Oct 89

[Text] Tokyo, Oct. 3 KYODO—Palestine Liberation Organization (PLO) Chairman Yasir 'Arafat told Prime Minister Toshiki Kaifu on Tuesday that the PLO supports the opening of a Palestinian dialogue with Israel through the good offices of Egypt.

'Arafat made the remarks in a 45-minute meeting with Kaifu at the prime minister's official residence on the third day of his 4-day visit to Japan.

Japanese officials saw "great significance" in 'Arafat's statement, noting that it comes just before a meeting of the Israeli Cabinet, and follows shortly after a meeting in Washington between Egyptian President Hosni Mubarak and U.S. President George Bush.

In a meeting crucial to the forward movement of the Middle East peace process, the Israeli Inner Cabinet will meet within the week to discuss Mubarak's proposal to host such talks in Cairo.

The top Israeli ministers will also consider their response, if any, to a list of inquiries submitted by the Egyptian President in regard to the details of an Israeli peace plan issued last April.

Japanese officials applauded 'Arafat's remarks and expressed the hope that they would be positively assessed with a forward-looking attitude by the Israeli Cabinet. 'Arafat told Kaifu that just before their meeting, he was briefed by Mubarak on his summit meeting with Bush on Monday. He said he positively appraised the two leaders' agreement to cooperate in moving the peace process forward.

Kaifu responded that Japan actively supports Mubarak's 10-point proposal. The inquiries to the Israeli Government cover the international supervision of the proposed elections in the occupied territories and address the concept of land-for-peace.

The prime minister expressed hope that the PLO will maintain its current "realistic and moderate" policy line, including 'Arafat's renunciation of terrorism and recognition of Israel's right to exist. Kaifu then proposed that Japan and the PLO cooperate in supporting Mubarak's efforts for a Palestinian-Israeli dialogue. 'Arafat responded that he agreed wholeheartedly.

He added on the question of a Palestinian-Israeli dialogue that the PLO is making efforts for progress in that area through the good offices of Egypt and via his personal relationship with Mubarak. He said that the question of a dialogue was one of the main themes of the Bush-Mubarak meeting.

'Arafat told Kaifu he came to Japan mainly for political reasons, recognizing that Japan's words carry great weight in the international arena, officials said.

He said he wants to discuss other matters, such as Japanese aid, but only after confirming that Japan recognizes its significant "political and moral role." Kaifu said Japan will fulfill its political obligations and will continue to cooperate for global peace and stability, the officials said.

'Arafat also proposed that Japan and the Palestinians create a regular forum for higher-level dialogue than at present. Kaifu said that continuation of permanent and close talks "in substance" between the two sides is more important than formalities. 'Arafat added that ways to hold such dialogue should be discussed in working-level talks, according to the officials.

'Arafat was quoted as saying that Japanese aid is vitally important to Palestine's development. While the aid is welcome in all forms, he said, Japanese technological assistance is needed most.

Kaifu did not promise more aid but said existing Japanese aid to the Palestinians would continue through refugee programs of the United Nations and technological training by the Japan International Cooperation Agency, they said.

'Arafat said he realizes Japan is faced with political restraints on providing direct aid to the PLO. But he suggested enhanced cooperation at the nongovernmental level, such as that between universities and local municipalities.

Views Israeli Talks 'Without Preconditions'

OW0310121289 Tokyo KYODO in English 1151 GMT
3 Oct 89

[By Tim Johnson]

[Text] Tokyo, Oct. 3 KYODO—Palestine Liberation Organization (PLO) Chairman Yasir 'Arafat on Tuesday declared his support for direct Palestinian-Israeli dialogue "without preconditions," Japanese officials said. 'Arafat, visiting Japan as a government guest since Sunday, made the remarks in successive meetings with Japanese Prime Minister Toshiki Kaifu and Foreign Minister Taro Nakayama.

"We accept the Egyptian idea of dialogue," the veteran PLO leader, speaking in English, was quoted by officials as telling Nakayama. The reference was to Egyptian President Hosni Mubarak's recent initiative to host talks between Israel and the Palestinian representatives in Cairo.

"This is a very crucial moment for the peace process," said Yasukuni Enoki, director of the Foreign Ministry's First Middle Eastern Division, pointing to the timing of 'Arafat's remarks, which he said appeared to be unprecedented. "The fact that chairman 'Arafat stated acceptance of the idea of dialogue, (at a time) between the

(U.S. President George) Bush-Mubarak meeting and the Israeli cabinet meeting, is significant," the official said. "It's a very important message to the outside world."

Mubarak held talks with Bush in Washington on Monday, and the meeting of Israel's "inner cabinet" ministers opens in Jerusalem on Wednesday. In addition, several meetings between Bush, Mubarak, and key Israeli leaders Shim'on Peres and Moshe Arens have taken place separately in New York at the opening of the 44th session of the United Nations General Assembly.

The deeply-divided ministers of the Israeli coalition government, faced with growing international pressure, are expected to discuss Mubarak's proposal for a non-exclusionary dialogue with the Palestinians. Mubarak is also calling on Israel to clarify certain points of Prime Minister Yitzhaq Shamir's six-month-old peace plan, which proposes elections in the occupied West Bank and Gaza, an interim period of limited self-rule and a final future settlement.

'Arafat told Nakayama that his acceptance of dialogue with his archenemy hinges on an agreement by the Israelis that "no preconditions" are to be specified, either by themselves or the PLO. Egypt has called for the talks to include both Palestinians inside and outside the occupied territories, including the PLO, while Israel has viewed direct dialogue with the PLO as an anathema, considering it to be a ruthless terrorist organization.

"No preconditions," 'Arafat was quoted as reiterating, "this part is very important." 'Arafat's remarks were initially prompted in an earlier meeting with Kaifu, when the prime minister proposed they join in endorsing Mubarak's proposal for the opening of dialogue.

"I fully agree," 'Arafat was quoted as responding in Arabic. "We are making our best efforts to advance this dialogue idea through collaboration with Egypt, and also through the personal relationship between myself and President Mubarak."

He said that how that dialogue can best be advanced was the top issue of the Bush-Mubarak summit meeting. 'Arafat, who was briefed over the phone by Mubarak prior to his meeting with Kaifu, assessed the outcome of the talks as "positive". He said the two leaders had agreed to cooperate in advancing the peace process.

Kaifu told 'Arafat that Japan stands solidly behind Mubarak's initiative. "The Japanese Government is of the view that the Israeli Government should first respond to the 10 points," echoed Nakayama. Mubarak's 10-point memorandum to Israel calls for such things as a clarification of guarantees for the freedom of proposed elections—like UN supervision—in addressing the electoral status of Palestinian residents of east Jerusalem.

'Arafat reiterated that Mubarak's "10 points" are not actually a set of proposals as widely reported, but a questionnaire to which Israel is required to respond under stipulations in the Camp David Accords with

Egypt. Regarding the inquiries as proposals gives Israel an excuse to get around the clause and avoid responding to them, he cautioned. Nakayama told 'Arafat that dialogue is the key to bridging mistrust between the Israelis and the Palestinians. He extended Japan's support for an international conference and stressed that the attainment of a "comprehensive and just" peace must be a step-by-step process.

"The Israeli Government is invited to recognize the fact that any peace settlement without the PLO is unrealistic," said the foreign minister, in a message likely to be repeated when his Israeli counterpart Moshe Arens visits Tokyo next month. Japan supports the PLO as the legitimate representative of the Palestinian people, but has yet to extend recognition to its self-proclaimed state of Palestine.

But on Monday, 'Arafat presided over the PLO's upgrading of the status of its representative office in Tokyo to that of a general mission, a move blessed by the Japanese Government, but having no legal implications. Both Kaifu and Nakayama urged the PLO to maintain into the future its "realistic and moderate" policy line, namely 'Arafat's renunciation of terrorism and recognition of Israel's right to exist.

Japanese officials have expressed concern over the mounting pressure on 'Arafat from PLO hardliners opposed to his relatively tame tactics and concessions to Israel, which have yet to bear fruit amid a mounting toll of casualties in the Intifada, the 21-month-long popular uprising. The government's invitation to 'Arafat, an unprecedented move, was designed to bolster him internationally, as well as to enhance the PLO's reputation "as a responsible negotiating partner."

'Arafat told Kaifu he wanted to leave Japan with the conviction that Japan will fulfill expectations that it play a "political and moral" role in regard to the Palestinian issue. He noted that Japan's words carry great weight in the world, especially with the United States.

'Arafat said he had no objection to Japan's growing trade with Israel, but only as long as equal regard is given to that with Palestinians, an apparent reference to Japanese imports of Palestinian goods, such as citrus, from the occupied territories. Officials said they were taken by surprise by 'Arafat's proposal to Kaifu that Japan and the PLO set up a permanent consultative commission for regular high-level dialogue.

Kaifu replied that a continuation of intimate "substantive" talks between the two sides is what is most important, but promised to examine the idea in the context of working-level talks. 'Arafat said that while Japanese aid is welcome in all its forms, Palestine especially needs technological assistance. While making no commitment to increase aid, Kaifu said that Japan's assistance to the Palestinian people through UN organs will continue. Such assistance has doubled over the past year.

Meets With Opposition Leaders

OW0310113789 Tokyo KYODO in English 1107 GMT
3 Oct 89

[Text] Tokyo, Oct. 3 KYODO—Palestine Liberation Organization (PLO) Chairman Yasir 'Arafat on Tuesday called for support for his organization from Japan's opposition political parties, opposition sources said.

Following meetings with Prime Minister Toshiki Kaifu and Foreign Minister Taro Nakayama, 'Arafat had separate talks with heads of the Japan Socialist Party (JSP), Komeito, Democratic Socialist Party (DSP), and the United Social Democratic Party (USDP). All opposition leaders promised their efforts to help achieve peace in the Middle East, the sources said.

'Arafat told JSP Chairwoman Takako Doi that dialogue between Israel and Palestine will pave the way for a true Mideast peace. In the meeting with Doi, 'Arafat expressed readiness to accept Egyptian President Hosni Mubarak's peace plan, which calls for holding an internationally monitored election and for opening Israeli-PLO talks in Cairo.

'Arafat, warning of a major buildup of arms in the Mid-East countries, predicted a possible conflagration unless a settlement of the decades-long conflict is reached as early as possible, the opposition sources said. 'Arafat, here on a four-day visit as a government guest, is scheduled to leave Japan on Thursday.

Israeli Ambassador Criticizes Visit

OW2909141289 Tokyo KYODO in English 0956 GMT
29 Sep 89

[Text] Tokyo, Sept. 29 KYODO—Israeli Ambassador to Japan Nahum Eshkol expressed displeasure Friday over plans by Palestine Liberation Organization Chairman Yasir 'Arafat to visit Japan next week.

Meeting reporters at the Israeli Embassy in Tokyo, the envoy said Japan's willingness to consider 'Arafat as a representative of a "legitimate" organization only endorses terrorism.

'Arafat is scheduled to visit Japan October 1-4.

Eshkol, however, declined to say whether he lodged an official protest of the visit.

Eshkol said 'Arafat would try to undertake a variety of propaganda campaigns during his visit but the PLO remains a terrorist organization.

He said the PLO will not be a negotiation partner for peace talks on the Middle East conflict.

The envoy said, however, that the 'Arafat trip would not affect a visit to Japan by his country's foreign minister, Moshe Arens, in November.

Kaifu Meets With OECD Secretary General

OW0210095489 Tokyo KYODO in English 0911 GMT
2 Oct 89

[Text] Tokyo, Oct. 2 KYODO—Prime Minister Toshiki Kaifu told OECD Secretary General Jean-Claude Paye and other members of the OECD Secretariat Monday that the organization should play a stronger role in global issues.

During a 20-minute meeting at the Prime Minister's Office, Kaifu said the advantage of the Organization for Economic Cooperation and Development (OECD) is that it can respond to issues with plenty of flexibility.

Kaifu said he hopes the OECD will play a useful role in problems related to newly-industrializing economies in Asia, drugs, environmental issues and East European politics.

Paye replied that the OECD was once for Europe and the United States, but it became global after Japan's accession to the organization in 1964. The organization now has 26 country members, with Japan, Australia and New Zealand as the three countries outside Europe and the U.S.

Paye hoped Japan would play a role corresponding to its national power and take greater initiative in world affairs.

The OECD held a meeting of its council in Tokyo on Monday. It was the first OECD Council meeting ever to take place outside its base in Paris. The meeting was held to commemorate the 25th anniversary of Japan's accession to the OECD.

Kaifu, U.S. Economic Advisors Council Head Meet

OW0310105389 Tokyo KYODO in English 0944 GMT
3 Oct 89

[Text] Tokyo, Oct. 3 KYODO—Prime Minister Toshiki Kaifu and Michael Boskin, chairman of the Council of Economic Advisors of the United States, agreed Tuesday that Japan and the U.S. should cooperate to sustain economic growth without inflation.

In a 20-minute meeting at the prime minister's official residence, Boskin said although the two countries have problems in trade, bilateral relations should be considered from a wide perspective. Boskin was quoted as saying Japan-U.S. relations affect not only bilateral security and economy but also the world as a whole.

Boskin said he will continue to support free trade and foreign investment in the United States and that the two countries should cooperate because now is an important time for the success of the Uruguay round multilateral trade negotiations and the 1992 economic integration of the European Community.

Kaifu responded that the world economy has been heading in a good direction, maintaining economic growth without inflation in 1980s, and that it is necessary for the two countries to cooperate to maintain the

trend. The prime minister expressed the hope the United States would continue to lead the free world and said Japan is ready to cooperate with the United States.

MSDF Escorting U.S. Naval Vessels in Exercise

OW0110114989 Tokyo KYODO in English 0907 GMT 1 Oct 89

[Text] Tokyo, Oct. 1 KYODO—Japan's Maritime Self-Defense Force (MSDF) is escorting a fleet of U.S. naval vessels carrying Marines and logistic supplies in a joint military drill now underway in the Pacific, reigniting a controversy over the Japanese action's constitutionality.

The joint military exercise involving the MSDF and the U.S. Navy started on September 29.

The drills scenario, presupposing enemy raids on Japan, envisions aerial counterattacks from U.S. aircraft carriers, and troop landings from transport ships gathered in the Pacific off Japan's coast from the north and south, according to Japan and U.S. sources.

A fleet of MSDF destroyers and antisubmarine patrol planes is believed to be engaged in escorting the U.S. fleet of troop and high-speed supply vessels sent from U.S. Marine bases in Okinawa and Guam. The sources refused to discuss details.

Originally, the U.S. flattop "Midway" was to undertake the mission of guarding the convoy, but its participation was cancelled just before the drill started. As a result, the MSDF has undertaken the mission, the sources said.

The Japanese Government adopted the view that the MSDF would not take actions solely designed to escort U.S. military vessels following a controversy touched off in 1983 by a remark by then Prime Minister Yasuhiro Nakasone that he would make the nation an "invincible flattop."

At that time, opposition parties criticized the escorting of U.S. warships as a violation of the constitutional clause prohibiting any participation in collective defense setups.

The MSDF had since refrained from taking part in the escort of U.S. transport ships, despite repeated U.S. requests to do otherwise.

But in May 1988 the Defense Agency reversed that policy, sending escort ships to a small-scale joint military exercise.

The agency said defending U.S. warships coming to aid Japan in an emergency is a permissible execution of the right to individual defense.

USMC Okinawa Live Firing Exercises Protested

OW0310052989 Naha OKINAWA TIMES in Japanese 3 Oct 89 Morning Edition p 2

[Text] In connection with the 3-day live firing exercises across Prefectural Highway 104 planned by the U.S. Marine Corps Okinawa beginning 4 October, the Kin Town Assembly, the Komei Party Prefectural Headquarters, and the Japan Communist Party [JCP] Prefectural Council submitted statements of protest against the arbitrary holding of such exercises to the Naha Defense Facilities Administration Bureau [NDFAB] and the prefectural government.

Chairman Genichiro Hokama and other representatives of the Kin Town Assembly met the governor's chief secretary, Murayama, Chairman Taira of the prefectural assembly, and Chief Kawai of the NDFAB's Facilities Division. They strongly demanded the suspension of the exercises, saying, "We have directly appealed to U.S. Vice President Quayle for the consolidation and retrenchment of Camp Hansen when he visited Okinawa recently. Such USMC exercises immediately after that offend the prefecture's people's sentiments."

Chairman Minokichi Furugen of the Central Executive Committee and other representatives of the JCP said, "There have been 11 live firing exercises, lasting 28 days, this year. We demand an immediate stop." Together with this demand, they asked for the discontinuation of the construction of an urban combat training facility in an area near civilian residences in Onna Village.

Chairman Koshin Akamine and other representatives of the Komei Party Prefectural Headquarters said, "We have demanded the discontinuation of exercises across Highway 104 on many occasions, but the exercises keep increasing in number. This completely disregards the prefecture's people's wish."

The NDFAB replied: "The NDFAB is not in a position to stop the exercises, but we have always strongly asked the U.S. military to take care about safety."

Kadena Town Protests U.S. B-52 Bombers Arrival

OW0310063489 Naha NHK Television Network in Japanese 0315 GMT 3 Oct 89

[Text] Six more U.S. Air Force B-52 strategic bombers, which started to arrive in Kadena Air Base yesterday, landed in Okinawa before dawn today, making a total of seven. A B-52 arrived from Anderson Air Force Base in Guam to seek refuge from the typhoon yesterday afternoon. The Kadena Public Affairs Office had originally announced that a total of nine B-52's would arrive yesterday. However, according to an announcement from the office today, one bomber flew in yesterday and six came in before dawn today, and no other aircraft are expected to arrive.

In connection with the arrival of B-52 strategic bombers at the Kadena Base, the Kadena Town Assembly held an

extraordinary session today and unanimously adopted a resolution and a statement opposing the arrival of the aircraft and demanding their immediate departure. The resolution and the statement said that in 1968, a B-52 crashed and caught fire on Kadena Base, causing great terror among and damage to the townspeople. Despite the fact that the Japan-U.S. joint communique on the reversion of Okinawa provided for the consolidation and retrenchment of the bases, the functions of Kadena Air Base are actually being strengthened and the townspeople have suffered various damage caused by the base. The documents expressed a strong protest against the U.S. military authorities and the Japanese Government for allowing the B-52's to land in Okinawa and demanded the immediate withdrawal of the bombers from the country.

MITI Minister Meets Electronics Manufacturers

*OW2709051489 Tokyo KYODO in English 0423 GMT
27 Sep 89*

[Text] Tokyo, Sept. 27 KYODO—Japan's manufacturers of consumer electronics goods on Wednesday defended themselves against a U.S. charge that they manipulate the prices of their products.

In a meeting with International Trade and Industry Minister [MITI] Hikaru Matsunaga, representatives of five Japanese industrial organizations of consumer goods makers said their pricing system reflects after-sales service, advertising, and delivery costs, thereby pushing the overall prices higher than those in overseas markets.

They were referring to recent U.S. allegations of deliberate price-fixing by Japanese firms of consumer electronics goods sold here and abroad.

The goods marketed here are priced considerably higher than those exported abroad, the U.S. contended.

In the meeting with Matsunaga, the manufacturers said that U.S. firms should follow the example of foreign companies who have succeeded in penetrating Japan's distribution network.

The U.S. firms need to make efforts to develop products that suit the needs of Japanese consumers rather than those of Americans, they said.

Matsunaga urged the manufacturers to speak out loud on the issue and to cope with such international criticism on their own.

The organizations whose representatives met Matsunaga included the 592-member Electronic Industries Association of Japan and the 249-member Japan Electrical Manufacturers' Association.

DPRK Party Official Criticizes Nakayama Speech

*OW0310090689 Tokyo KYODO in English 0838 GMT
3 Oct 89*

[Text] Tokyo, Oct. 3 (KYODO)—A high-ranking North Korean Workers' Party official has criticized remarks by Japanese Foreign Minister Taro Nakayama supporting South Korea's membership of the United Nations, a Japan Socialist Party (JSP) official who has returned home from Pyongyang said Tuesday.

Kim Yong-sun, director of the international department of the North Korean party, told a JSP delegation that his government has no choice but to judge that the Japanese Government has changed its policy toward North Korea, [word indistinct] Shimasaki, who led the five-member JSP delegation to Pyongyang.

Kim was quoted as saying the North Korean Government had been monitoring the Japanese Government's attitude toward North Korea and expecting new developments since then Prime Minister Noboru Takeshita called last March for opening talks without any precondition to improve bilateral ties.

Kim said, however, that Nakayama's address to the U.N. General Assembly favoring South Korea's solo admission to the world body, rather than favoring a policy of "cross-recognition," would deteriorate bilateral ties, according to Shimasaki, a Diet member and Secretary General of the JSP's ad hoc committee on the Korean problem.

Nakayama told the U.N. General Assembly on September 26 that Japan would welcome simultaneous or separate U.N. membership for both South and North Korea.

Kim was also critical of South Korean opposition parties, saying they have compromised with the government of President No Tae-u [word indistinct] parliament, Shimasaki said.

The JSP delegation told Kim that the JSP will continue to cooperate with South Korean opposition parties to protect human rights of Korean residents in Japan.

The JSP delegation and North Korean authorities agreed to renew a nongovernment-level bilateral fishery agreement which expires at the end of the year. The JSP delegation left Japan on September 24 and stayed in Pyongyang from September 25 to 30.

PRC's Wan Li Meets With LDP Diet Group

*OW0110092489 Tokyo NHK General Television
Network in Japanese 1000 GMT 30 Sep 89*

[Text] This evening, a group of six Diet members from the Liberal Democratic Party's [LDP] Takeshita faction, led by Okuda, chairman of the LDP Diet Affairs Committee, met with Wan Li, Standing Committee chairman of the Chinese National People's Congress [NPC], and other Chinese leaders. At the meeting, the Chinese side

strongly called for Japanese cooperation in China's future development. Later, when Mr Okuda met with Vice President Wang Zhen, honorary chairman of the China-Japan Friendship Association, President Yang Shangkun also appeared at the beginning of the meeting. Mr Okuda then conveyed a signed letter from former Prime Minister Takeshita to the president.

At his meeting with Mr Wan Li, Mr Okuda called on the Chinese side to take more positive and concrete measures to create an environment conducive to the healing of Japanese-Chinese relations, which have cooled since the Tiananmen incident.

In response, the NPC Standing Committee chairman said: China intends to devote its energy to education for the next 10 years, to economic development for another 10 years after that, and to spend the next 20 years building China into a mid-level nation. To this end, he said: China needs cooperation from Japan in the scientific-technological and economic sectors. He then urged more active cooperation from Japan in China's future nation building.

Commenting on Chinese foreign policy, Mr Wan Li said that China will promote friendly relations with other countries, based on the five principles of peaceful coexistence. He also said that Chinese socialism is a product of Chinese soil, and emphasized that China will step up austerity at home on the basis of socialism.

USSR Urges N. Territories Fishery Joint Venture

OW2709041789 Tokyo KYODO in English 0339 GMT 27 Sep 89

[Text] Sapporo, Sept. 27 KYODO—A fisheries corporation on the Soviet island of Sakhalin has proposed setting up a fish-processing joint venture with Japan in the "northern territories"—four islands off Hokkaido currently occupied by the Soviet Union, according to Japan Socialist Party (JSP) sources.

They said top officials of the Sakhalin public concern told JSP officials about the proposal at a private Japan-Soviet exchange program held in August on a ship near the islands, which are claimed by Japan.

According to the proposal, the Soviets would allow Japanese fishing in the so-called "triangle waters," the area of sea between the four islands, and the catches would be processed and marketed through the joint venture.

The Soviets have imposed a complete ban on fishing in the area since 1986, making the rich marine resources there, including salmon and crabs, unavailable to Japanese fishermen.

The Sakhalin organization is looking for a major Japanese fish-processing company to be its partner, the sources said.

The Soviets are expected to set out the conditions for the venture, such as the ratio of the stakes, at a Japan-Soviet friendship conference scheduled for early October in Sapporo.

The Soviet proposal, however, is certain to hit a diplomatic snag because of the territorial controversy between the two countries.

The islands have long been a major bone of contention between the two countries, hampering improvement in bilateral ties.

Japan has been pressing its claim to sovereignty over the area, while the Soviet Union, which occupied the islands at the end of World War II, has been reiterating its longstanding position that there are no territorial problems pending between the two nations.

Against this backdrop, the Japanese Government has been opposed to any joint venture in the area for fear of giving the Soviets reason to believe their stance is accepted.

"If we permit a joint venture there based on the Soviet laws, it will be tantamount to admitting Soviet sovereignty over the territories," a Foreign Ministry official said.

A plan for a salmon-breeding joint venture project on one of the four islands, Kunashiri Island, which an Ainu fishery corporation signed with the Soviet Union last year, was halted when the Foreign Ministry intervened.

If the Soviets table the proposal at the forthcoming friendship conference, which is expected to be attended by Vyacheslav Zilanov, chief of the International Affairs Department of the Ministry of Fish Industries, it will pose a major diplomatic problem for the Japanese foreign and agriculture ministries, the sources said.

Talks With Hungary on Transport Technology Aid

OW0110060589 Tokyo KYODO in English 0716 GMT 30 Sep 89

[Text] Tokyo, Sept. 30 KYODO—Nissan Diesel Motor Co., a truck and bus maker in the Nissan motor group, said Saturday it is negotiating with a Hungarian automaker to provide technical assistance for bus engine production.

The talks has been under way since Raba Hungarian Railway Carriage and Machine Works sought cooperation with the Japanese automaker, a Nissan Diesel spokesman said. The state vehicle manufacturer plans to modernize its facilities for bus and truck engines with help from Nissan Diesel, he said.

Nissan Diesel has been active in technical cooperation negotiations with the Communist nation, which it said will give the Japanese automaker a potential foothold in the East European market, the spokesman said.

The Hungarian plan calls upon Nissan Diesel to receive Hungarian-made auto parts, including engines, in return

for technical assistance due to a shortage of foreign reserves in Hungary. The Hungarian firm plans to produce 40,000 units of engines annually. Another Japanese automaker, Suzuki Motor Co., is engaged in talks on a joint venture for mini-cars, industry sources added.

Mitsui To End Petrochemical Project With Iran

*OW0210144389 Tokyo KYODO in English 1338 GMT
2 Oct 89*

[Text] Tokyo, Oct. 2 KYODO—The president of Iran Chemical Development Corp. (ICDC), the Japanese partner in the petrochemical complex project in Iran, is due to leave Tuesday for final talks in Tehran to liquidate the project, ICDC said Monday.

While in the Iranian capital, Hiroshi Watada, who is also a director of Mitsui and Co., will be aiming to overcome the remaining obstacles to liquidation of the joint project, ICDC officials said.

Koichiro Ejiri, president of Mitsui and Co., and Ahmad Rahgozar, chairman of the National Petrochemical Co. (NPC), the Iranian partner in the project, reached de facto agreement on liquidation in negotiations in Tokyo in mid-September.

If the final hurdles are cleared during Watada's visit, Ejiri will visit Tehran to obtain a final liquidation agreement, according to ICDC officials.

Japan Largest Contributor to Developing Countries

*OW0110009289 Tokyo KYODO in English 0810 GMT
30 Sep 89*

[Text] Tokyo, Sept. 30 KYODO—Japan ranked first in net fund outflows to developing countries in 1988, followed by the United States for the second straight year, the Finance Ministry said Saturday.

The volume, the total of new money transfers minus receipts during the year from Japan to poorer nations, posted a 4.6 percent increase to 21,423 million U.S. dollars, accounting for 21 percent of the overall net inflow from the West's democracies.

Official Development Assistance (ODA) jumped 22.5 percent to 9,134 million dollars, with the ratio of ODA to gross national product (GNP) rising 0.32 percent from 0.31 percent in the previous year.

"Japan's international pledge to recycle its huge trade surplus to Third World countries is being carried out," a ministry official said.

In contrast, net fund outflows to developing countries through private-sector channels declined 12.9 percent to 12,822 million dollars.

Sluggish private-sector fund inflows into developing countries stems mainly from an end in a boom of direct investment in Asian nations.

Among private-sector fund outflows, new loans by private banks and insurance firms shrank to 9.7 billion dollars from 11.2 billion dollars.

Foreign Exchange Reserves Fall in Sep

*OW0210121289 Tokyo KYODO in English 1001 GMT
2 Oct 89*

[Text] Tokyo, Oct. 2 KYODO—Japan's foreign exchange reserves fell in September for the fifth month in a row, plunging 2,201 million U.S. dollars from a month earlier to 86,117 million U.S. dollars, the Finance Ministry said Monday.

An official at the ministry said the sharp drop in foreign exchange reserves—gold, convertible foreign currencies, and special drawing rights (SDR's)—was attributable to heavy dollar-selling by the Bank of Japan to curb the dollar's rise against the yen.

The central bank's yen-defending action was accelerated in late September, when the Group of Seven (G-7) industrial nations started to intervene in major currency markets in concerted efforts to pull down the dollar's value against other major currencies.

Despite the sharp decline, however, Japan remained the world's largest foreign exchange holder, according to the ministry's data.

Taiwan's reserves amounted to 74.9 billion dollars at the end of June, while those of the U.S. and West Germany as of the end of July totaled 64.2 billion dollars and 61.2 billion dollars, respectively, it said.

Japan To Launch Import Campaigns in Oct

*OW2709100489 Tokyo KYODO in English 0837 GMT
27 Sep 89*

[Text] Tokyo, Sept. 27 KYODO—Japan is launching a series of campaigns nationwide to boost imports in October, a month designated by the government specifically for that purpose, a government official said Wednesday.

The government, trade organizations and department stores are jointly preparing for import fairs, festivals, symposiums and workshops to introduce foreign products during the month.

The move is part of government efforts to boost imports as Japan pledged earlier this year to become an "import superpower" to contribute to the world.

Under the catchphrase "Join your hands with the countries around the world through imports," the government hopes the planned events will help enhance public awareness about foreign-made goods and thus prompt increased imports.

A street parade is scheduled for October 7 to mark the opening of the events and will be attended by International Trade and Industry Minister Hikaru Matsunaga and officials from foreign embassies here.

Among the key events are "The World Goods Festival '89" on October 6-10 and a workshop on Japan's distribution market on October 27.

Japan's per capita imports averaged 752 dollars in 1988 compared with the U.S.' 1,483.79 dollars. Among the industrialized nations, West Germany was first with 3,076.29 dollars in terms of per capita spending on imported products last year.

Major Trading Firms Report Rise in Aug Imports

OW2909112189 Tokyo KYODO in English 0717 GMT 29 Sep 89

[Text] Tokyo, Sept. 29 KYODO—Combined import contracts by 18 major Japanese trading firms jumped 13.2 percent in August from a year before to 1,141.9 billion yen in value, an association to which the firms belong said Friday.

The value of the contracts had declined in July for the first time since April, but recovered as machinery imports, especially of computer-related products from the United States, increased sharply by 32.9 percent, the Japan Foreign Trade Council said.

Export contracts amounted to 958.7 billion yen, a rise of only 1.9 percent from a year before. The export figure had leveled off from July, according to the council.

On other sectors contributing to the August import growth, fuel was up 50.8 percent, textiles up 36.7 percent, and lumber up 18.8 percent.

Rising domestic demand and price hikes in producing countries boosted the import value, the council officials noted.

Sluggishness in exports was caused mainly by falls in steel products of 15.6 percent and chemical products by 1.3 percent.

Exports to China have been hovering at a low level since May, with the August figure marking a 40.0 percent decline from a year earlier to 47.1 billion yen in value.

Imports from China in August also fell 1.2 percent to 33.4 billion yen.

Meanwhile, total trade contracts concluded by the companies between June and August showed exports amounting to 3,001.2 billion yen, up 6.7 percent on a year-on-year basis, and imports at 3,752.1 billion yen, up 11.0 percent, according to the council.

Major Increase in Capital Spending Foreseen

OW2709011789 Tokyo KYODO in English 2315 GMT 26 Sep 89

[Text] Tokyo, Sept. 27 KYODO—Capital spending by Japanese industries in the year up to next March is expected to show a double-digit growth from a year earlier under the lead of a hefty gains in manufacturing sector, according to surveys by leading public and private financial institutions.

The surveys, conducted separately by five banks including the Bank of Japan and the Nippon Credit Bank during July-September period, showed overall capital spending is likely to expand by 12-17 percent, the second consecutive double-digit increase.

Spearheading the investment boom is the manufacturing sector, which all the surveys indicate is likely to hoist capital investment by more than 20 percent.

The spending surge in the sector reflects vigorous investment in research and development against the background of its brisk profits amid the nation's healthy economic expansion.

Spending by nonmanufacturing industry will grow 9-11 percent, the surveys said.

All the banks revised upward their original forecasts announced earlier this year, in view of higher-than-expected investment growth in the manufacturing industry.

While some expressed concern over the high-pitched spending increase, one survey by the Industrial Bank of Japan showed the investment boom is sound since it is based "on a medium- to long-term perspective."

As for the next fiscal year, capital spending by all-over industries will grow at slower pace, they said.

MITI Favors Retailers Consumption Tax Choice

OW0310045989 Tokyo KYODO in English 0428 GMT 3 Oct 89

[Text] Tokyo, Oct. 3 KYODO—International Trade and Industry Minister Hikaru Matsunaga said Tuesday he favors the idea of allowing companies to choose whether or not to show the 3 percent Consumption Tax in retail prices, a ministry official said.

Matsunaga made the comment as part of response to the views recently announced by an influential business group, the Japan Association of Corporate Executives (Keizai Doyukai), on the revision of the controversial tax.

Matsunaga's comment came during a meeting with representatives of the association Tuesday, during which the business leaders reiterated their views on the issue.

The association submitted a report on the tax revision last Friday to the ruling Liberal Democratic Party's Tax System Council, in which it gave a thumbs-up sign for

revision of the Consumption Tax. Japan's big business circles have so far maintained that the Consumption Tax, which took effect in April, be kept in place.

The association's recent position marks a significant shift, and will likely affect the scheduled Diet debate on the revision of the tax, observers said. During his meeting, Matsunaga said that not all companies should adopt the same formula for the indication of the Consumption Tax in retail prices, according to the ministry official.

Matsunaga also said the simplified tax system for smaller firms should be maintained. The association proposed the repeal of such system to reduce complexity of the overall tax system.

North Korea

Foreign Ministry Statement on U.S. 'Strategy'

BK0310054389 Pyongyang Domestic Service in Korean
0400 GMT 3 Oct 89

[Statement issued by DPRK Ministry of Foreign Affairs spokesman on 3 October in Pyongyang—read by announcer]

[Text] Timed to coincide with the frequent recent visits to South Korea by the persons in high authority in the United States, an ominous military movement is now taking place in South Korea.

U.S. Vice President Quayle, who made a junket to South Korea not long ago, handed to No Tae-u the so-called Bush plan for the defense of South Korea. In view of Quayle's words and deeds during his stay in South Korea, there is no doubt that it is another new military machination against our republic.

Preposterously provoking us, Quayle reaffirmed the so-called U.S. commitment to the defense of South Korea, publicly stated that the United States will oppose any kind of effort to reduce the U.S. troops, and encouraged North-South confrontation by appearing in Panmunjom.

The persons in authority in South Korea are conducting all types of military exercises, including the "89 Sonbong Sommyol" exercise, almost daily, while clamoring about the need to strengthen the combat posture of the puppet army.

The persons in authority in South Korea have gone so far as to make public their decision to participate in the large-scale multinational military exercises, called "Pacex-89" and "RimPac-90," which are to be conducted this year and next year in the waters of the Pacific, with the United States taking the lead.

Because of the endless military commotions and war maneuvers by the United States and the persons in authority in South Korea, the situation on the Korean peninsula and in its neighboring areas remains tense.

At a time when dialogue and peace are more urgently needed than ever, it is ever so evident what objective the United States and the persons in authority in South Korea seek to achieve with the adventurous military maneuvers conducted on the Korean peninsula and in its neighboring areas.

By holding the socialist countries, including our country, in check by military means, the U.S. imperialists are attempting to shape a phase favorable to realizing their aggressive strategy toward Asia and the Pacific. Toward this end, the United States is now trying to stand in the way of peace and reunification in our country by continually aggravating the tension on the Korean peninsula and in its neighboring areas and thereby continuing their military occupation of South Korea.

What particularly cannot be overlooked in this regard is a sinister U.S. scheme to open a door for the Japanese reactionaries' overseas aggression and to prod the South Korean puppet army into acts against the socialist countries and the anti-imperialist independent forces in Asia and the Pacific by making the Japanese Self-Defense Forces participate, along with the South Korean puppet army, in joint military exercises.

This is an extremely dangerous act designed to fabricate a tripartite military alliance among the United States, Japan, and South Korea, and to put the Japanese reactionaries and the South Korean puppets on the frontline as a shock brigade for enforcing their strategy toward Asia.

We denounce such injudicious maneuvers of the U.S. imperialists as a malicious challenge to the unanimous desire of our nation for the withdrawal of U.S. troops stationed in South Korea and for peace and peaceful reunification of the country as well as a criminal act threatening peace and stability in Asia and the Pacific.

Today the withdrawal of foreign troops stationed in foreign countries, the settlement of all manner of problems and feuds by peaceful means, and movement toward disarmament and detente have become an international trend. Even the United States should take practical steps designed to ease tension in Asia and the Pacific, including the Korean peninsula, where the danger of nuclear war is most imminent, without swimming against the trend of the times as a matter of course.

The withdrawal of U.S. troops occupying South Korea and nuclear weapons is a unanimous desire that is called for by none other than the United States and South Korea and by the peace-loving people of the world. It is nothing but a hackneyed trick designed to justify their military buildup and war maneuvers, to stand in the way of the South Korean people's trends for reunification and anti-U.S. and antidictatorial struggle, and to divert global attention that makes the U.S. imperialists habitually babble about somebody else's threat of southward invasion or military buildup.

We have already put forward an initiative for holding the tripartite talks with a view toward signing a peace

agreement between Korea and the United States [chom-isaie] and adopting a declaration of nonaggression between the North and South as well as a comprehensive peace proposal of envisioning a phased withdrawal of U.S. troops and drawing down the Armed Forces in the North and South below the level of 100,000.

We also presented, in this proposal, the issue of deploying neutral nations supervisory troops in the DMZ along the Military Demarcation Line. If the United States is sincerely interested in peace on the Korean peninsula, it has no reason not to accept our reasonable proposals.

The United States has deployed 43,000-odd troops and 1,000-odd nuclear weapons of all sorts and other modern operational equipment and weapons of mass destruction in South Korea, and has the South Korean forces, which are composed of some 1 million regular troops and some 10 million paramilitary troops, under its operational control. In addition, it has completed its preparations for a nuclear war against us through the "Team Spirit" joint military exercise, which it has annually conducted since 1976. Not satisfied with this, after lining up forces of countries in Asia and the Pacific that follow in its footsteps, the United States is trying to direct the spearheads of their attack to the Korean peninsula.

All the facts show that, as shown in the reckless military buildup and war maneuvers by the United States and the persons in authority in South Korea, threats of northward aggression based upon the theory of achieving reunification through a victory over communism really exist today on the Korean peninsula. However, they must not miscalculate. The United States and the persons in authority in South Korea must free themselves from the foolish illusion to surprise anyone else with the force of arms and to frustrate our people's will for reunification, must immediately stop instigating reckless war commotions, and must join in our sincere peace efforts. If they embark upon a road toward continuously aggravating tension despite our repeated warnings, they will be fully responsible for all consequences that may arise therefrom.

[Dated] 3 October 1989, Pyongyang

Foreign Ministry Demands End to 'War Gamble'

SK0310102389 Pyongyang KCNA in English
1000 GMT 3 Oct 89

[Text] Pyongyang October 3 (KCNA)—The United States and the South Korean authorities must awake from the foolish dream of frightening somebody and breaking the reunification will of our people with strength, immediately stop the reckless war gamble and join in our sincere efforts for peace, said a spokesman for the Foreign Ministry of the Democratic People's Republic of Korea in a statement today.

Noting that ill-boding military moves are noticed in South Korea, timing to coincide with the frequent trips to it by U.S. high-ranking authorities of late, the statement says:

U.S. Vice-President Quayle who flew to South Korea some time ago confirmed again the U.S. "defense commitments" to South Korea, groundlessly slinging mud at the DPRK, and declared that "any efforts for the reduction of the U.S. forces will be opposed" and showed up even at Panmunjom to whip up North-South confrontation.

The South Korean authorities are staging almost every day military exercises under various names such as "Vanguard Annihilation Operation-89" and announced that they would take part in such large-scale multinational military exercises as the "Pacex 89" and "Rimpac 90" which are to be staged in the Pacific this year and next year with the United States playing the main part.

It is only too clear what the adventurous military moves of the United States and the South Korean authorities in and around the Korean peninsula aimed at.

The U.S. imperialists are trying to contain our country and other socialist countries militarily and create a phase favorable for the execution of their aggressive Asia-Pacific strategy.

To this end, the United States now seeks to continually aggravate the tensions in and around the Korean peninsula and thereby block peace and reunification of our country and maintain its military occupation of South Korea.

What must not be overlooked here is the wicked scheme of the United States to make the Japanese "self-defense forces" participate in the joint military exercises along with the South Korean puppet army and thus pave the way for the Japanese reactionaries to launch an overseas aggression and drive the South Korean puppet army to actions against socialist countries and anti-imperialist independent forces in the Asia-Pacific region.

This is an extremely dangerous act to frame up a tri-angular military alliance involving the United States, Japan and South Korea and put the Japanese reactionaries and the South Korean puppets on the frontline as shock brigades in executing their Asian strategy.

We denounce such reckless manoeuvres of the U.S. imperialists as a vicious challenge to the unanimous desire of our nation which wants the withdrawal of the U.S. troops from South Korea and peace and peaceful reunification of the country and as a criminal act threatening peace and security in the Asian-Pacific region.

It is a trend in the international arena today to withdraw foreign troops present in other countries, settle all disputes in a peaceful way and aspire after disarmament and detente.

The United States, too, should take practical measures for the relaxation of tensions in the Asian-Pacific region

including the Korean peninsula where the danger of a nuclear war is the greatest, not going against the trend of the era.

The United States and the South Korean authorities never open their mouths without crying over someone's "Southward invasion" and "arms buildup." This is nothing but an old game to justify their arms buildup and war moves, quell the South Korean people's sentiments for reunification and check their anti-U.S., anti-dictatorship action and divert elsewhere the world opinion.

We have already proposed tripartite talks for the signing of a peace agreement between the DPRK and the United States and the adoption of a non-aggression declaration between the North and the South and put forward a peace package envisaging a phased withdrawal of the U.S. troops and the reduction of the armed forces of the North and the South to 100,000 men or below.

In this we proposed to post neutral nations inspection forces in the Demilitarized Zone along the Military Demarcation Line.

If the United States is truly interested in peace on the Korean peninsula, there is no reason for it to refuse to accept our reasonable proposals.

If the United States and the South Korean authorities keep rendering the situation strained in defiance of our repeated warnings, they will be held entirely responsible for all the consequences arising therefrom.

South 'Anticommunist Fascistisation' Denounced

SK0310054289 *Pyongyang KCNA in English*
0459 GMT 3 Oct 89

[Text] Pyongyang October 3 (KCNA)—The South Korean puppets are describing the confrontation between the overwhelming majority of the people including workers, peasants and students on the one hand and the U.S. imperialist aggressors and a tiny handful of reactionary rulers on the other as "left-right confrontation" and are croaking themselves hoarse that the "leftist forces" threatening the "liberal democratic system" must be "destroyed." This is a camouflaged slogan for justifying their desperate drive at anti-communist fascistisation.

NODONG SINMUN says this in a signed article today.

Stripping bare "left-right confrontation" as their brain-child to intensify repression, it says:

Confrontation in South Korea is not one between the left and the right, but one between the forces for national independence and pro-U.S. treacherous forces, between the democratic forces and fascist forces, and between the reunification forces and the divisive forces.

The object of repression by the puppets, which they brand as "leftist" is patriotic anti-U.S. forces for independence and reunification.

They are neither communists nor followers of communism, but the popular masses of broad strata who desire independence, democracy and reunification in South Korea.

The South Korean people call for independence, democracy and reunification not at someone's instructions or instigation, but motivated by the acute national and class antagonisms in the South Korean society.

It is only too natural for the South Korean people to cry for independence against the U.S. and call for democracy and national reunification to smash the social fetters which violate sovereignty, encroach upon human rights and democracy and bar the independent and democratic development of society and to remove the stumbling block in the way of national reunification.

It is a robber-like sophism of the traitors to take issue with problems which are natural in any respect and can never be regarded as a crime, raising a hue and cry over "leftism."

It is nonsensical enough for the puppets to contend that the so-called "leftist forces" must be eradicated since they are trying to pull down the "liberal democratic system" established in South Korea.

In going off into hysterics in repression, persistently describing the confrontation in South Korea as "left-right confrontation," they seek to split and disorganise the patriotic democratic forces getting united in one body under the banner of independence, democracy and reunification and breaking their fighting spirit, and thus bridge over the serious crisis of their rule.

The forces which must be eradicated in South Korea are not the patriotic democratic forces, but such military gang and traitors as the No Tae-u group which is making desperate efforts to maintain and extend the colonial military fascist dictatorship with the encouragement of the U.S. imperialists.

South's New Reunification Formula Denounced

SK0210231889 *Pyongyang KCNA in English*
1502 GMT 2 Oct 89

[Text] Pyongyang October 2 (KCNA)—The International Liaison Committee for the Reunification and Peace on Korea issued a statement on September 16 denouncing the No Tae-u puppet clique's "unification formula".

The "Korean national community unification formula" put forward by the traitor No Tae-u on September 11 is nothing but a cunningly viled replica of the former South Korean authorities' "unification stage by stage" aimed at

indefinitely putting off national reunification and perpetuating the division of the country, the statement says, adding:

The main obstacle to the independent and peaceful reunification of Korea is the occupation of South Korea by the U.S. armed forces more than 45,000 strong equipped with some 1,000 pieces of nuclear weapons and the U.S. interference in the internal affairs of the Korean people.

No Tae-u, however, is mum as a mouse about this problem.

The International Liaison Committee for the Reunification and Peace of Korea considers that No Tae-u's "unification formula" is a separatist proposal that lays a grave obstacle to the reunification of the Korean peninsula.

We urge all the forces of the world which are taking part in the movement for solidarity with the Korean people to heighten vigilance against the schemes to legalize the existence of "two Koreas" and the South Korean authorities to take a clear stand towards the issues of the withdrawal of the U.S. forces from South Korea and the termination of the U.S. interference in the internal affairs of the Korean people.

We also call on all the progressive forces of the world to bring pressure to bear upon the South Korean authorities to immediately release all the democrats under arrest, and abolish all evil laws including the fascist "National Security Law", renounce the "two Koreas" policy and show sincerity over the proposal for the reunification by confederation which is realistic and reasonable for Korea's reunification.

South Repression, Reunification Examined

*SK0110104189 Pyongyang KCNA in English
0833 GMT 1 Oct 89*

[Text] Pyongyang October 1 (KCNA)—The No Tae-u group recently demanded a five-year prison term for Yi Pu-yong, co-chairman of the "National Alliance of the Movement for the Nation and Democracy" (Chonmin-nyon) on the charge of the violation of the "National Security Law" and imposed prison terms ranging from five years to life imprisonment and even death sentences on scores of students on charges of involvement in the "Pusan Tongui University incident". Such penalties against the forces for democracy and reunification and students by the No group have come under fire in NODONG SINMUN today.

The news analyst says:

This is a desperate fascist hysterics into which the fascist clique have gone off in their bid to prop up their military dictatorial power, flustered by the anti-U.S. movement for independent reunification ever growing among the South Korean people.

As for those the fascist clique try to brutally punish, they are patriotic democrats and students who have called for contact and dialogue with the North and have taken the lead in the struggle to pave the way for reunification by bringing the North-South preliminary talks for the convention of an all-people meeting to success, and achieve the vital rights of workers and peasants and social democratisation.

Anyone who loves the country and the nation and want reunification can never regard their acts as crimes.

The trials staged by the No Tae-u group were illegal political plots which can deceive no one.

In his recent "unification formula" the traitor No Tae-u cried about "exchange" and "cooperation" between the North and the South. It is the height of sarcasm for the traitor No Tae-u to try to brutally penalize at this moment those who call for contact and dialogue with the North and reunification.

The No Tae-u group must be mindful that its malicious fascist offensive will result only in rendering the political confrontation all the more acute in South Korea and precipitating its own destruction and must unconditionally release the illegally arrested democrats and students without delay.

Delegates Support DPRK Reunification Plan

*SK0310052489 Pyongyang KCNA in English
0440 GMT 3 Oct 89*

[Text] Pyongyang October 3 (KCNA)—Delegates of many countries expressed full support to the struggle of the Korean people for the independent and peaceful reunification of the country in their speeches at the plenary meeting of the 44th U.N. General Assembly on September 28.

The foreign minister of the Romanian Socialist Republic reaffirmed solidarity and full support for the stand and initiatives of the Democratic People's Republic of Korea for the peaceful, democratic and independent reunification of Korea.

The prime minister of Democratic Kampuchea stressed that the Korea's reunification should be realized according to the wise, realistic and patriotic proposal put forward by the great leader Comrade Kim Il-song.

Noting that contacts and negotiations should be realized in various fields and at different levels between the North and South of Korea, he said that patient efforts for mutual trust and reconciliation are necessary.

The foreign minister of Afghanistan supported the struggle of the Korean people to achieve the peaceful reunification of the country. The foreign minister of Indonesia hoped that talks for solving the issue of the country's reunification would be successful and the common desire of the Korean people for national reunification be realized.

Afghanistan Supports Proposal

*SK0310002489 Pyongyang KCNA in English
1524 GMT 2 Oct 89*

[Text] Pyongyang October 2 (KCNA)—A press conference took place at the Afghan Embassy here today in support of a new proposal adopted at the joint meeting of the authorities, political parties and organisations in the northern half of Korea to accelerate the independent and peaceful reunification of the country.

Ambassador Hashmatullah Kayhani, at the press conference, said that the new proposal to hold a consultative conference for national reunification advanced by the Democratic People's Republic of Korea on September 28 is a realistic one which helps the authorities and representatives of political parties and organisations in the North and the South express their views on an equal footing and reach a joint consensus to promote the reunification of Korea.

The republic of Afghanistan, [words indistinct] overture of your country adopted at the recent joint meeting.

The South side should affirmatively accept the initiative, he pointed out.

He further said:

The United States and the South Korean authorities should take decisive measures considerate of the demand of the Korean people for the reunification of the country.

The Afghan people extend militant solidarity with the Korean people in their struggle for national reunification.

The "separate entry [words indistinct] United Nations by the South Korean authorities is the U.S. strategy for permanent division of Korea. The Republic of Afghanistan supports the stand of your country on the UN membership with a single nomenclature of the democratic confederal republic of Koryo.

He strongly demanded the conversion of the Korean peninsula into a nuclear-free, peace zone and the withdrawal [words indistinct]. Troops and their military base from South Korea.

Laotian Secretary Expresses Support

*SK0210055389 Pyongyang KCNA in English
0506 GMT 2 Oct 89*

[Text] Pyongyang October 2 (KCNA)—Kaysone Phommavhane, general secretary of the Central Committee of the People's Revolutionary Party and prime minister of the Lao People's Democratic Republic, said that the Lao party and Government have always supported and would support the struggle of the Korean people in the struggle for socialist construction and the country's reunification in the future.

He referred to the development of the relations between the two parties and two countries of Laos and Korea, when

he met the Korean Ambassador to Laos Kim Sang-chun who paid a farewell call on him on September 28.

He wished the great leader Comrade Kim Il-song a long life in good health and great success in leading the struggle of the Korean people for the building of socialism and the reunification of the country.

Letter Sent to South Groups by International Mail

*SK0310122489 Pyongyang Domestic Service in Korean
0800 GMT 3 Oct 89*

[Excerpt] It has been decided that a letter addressed to the authorities, political parties, and organizations in South Korea adopted at a joint meeting of the authorities, political parties, and organizations of the northern half of the republic will be sent over radio and by international mail. In the 28 September telephone notice, our side notified the South Korean side that our side's two liaison officials will hand a letter addressed to the authorities, political parties, and organizations in South Korea adopted at a joint meeting of the authorities, political parties, and organizations of the northern half of the Republic over to the South Korean side at the conference room of the Neutral Nations Supervisory Commission in Panmunjom on 3 October and requested the South Korean side to receive this letter and to correctly hand it over to the addressees.

However, in its September reply telephone notice, the South Korean side assumed a very discourteous, unreasonable attitude in which it said that it could not receive the letters addressed to political parties and organizations but that it could receive the one addressed to the authorities. Because of this discourteous attitude of the South Korean side, the letter addressed to the authorities, political parties, and organizations in South Korea could not be delivered via Panmunjom, and therefore, against our will, we cannot but send the letter over radio and by international mail.

South Korean addressees to which our side sent the letter are:

The ROK prime minister, the Democratic Justice Party, the Party for Peace and Democracy, the Reunification Democratic Party, the New Democratic Republican Party, the Progressive Political Coalition, the National Democratic Alliance of Korea, the National Council of Labor Movement Organizations, the General Federation of Korean [hanguk] Labor Unions, the National Peasant Movement Federation, the National Council of University Student Representatives, the Council of Korean [hanguk] Women's Organizations, the Federation of Korean [hanguk] Women's Organizations, the General Federation of Korean [hanguk] National Artists, the General Federation of Korean [hanguk] Artistic and Cultural Organizations, the Korean [hanguk] National Council of Churches, the Catholic Social Movement Council, the Council of Buddhist Movement for National and Independent Reunification, and the Central Chondoist Headquarters. [passage omitted]

Chonminyon Action Plan for Struggle Noted*SK0310102789 Pyongyang KCNA in English
1019 GMT 3 Oct 89*

[Text] Pyongyang October 3 (KCNA)—The South Korean "National Alliance of the Movement for the Nation and Democracy" (Chonminyon) confirmed its action program for the latter half of the year at the regular central committee meeting in Taejon on September 25 and 26, according to a report.

After reviewing its activities in the first half of the year, it declared that it would combine the struggle for the release of those arrested and support to "chongyojo" with the struggle for the abolition of the undemocratic law in the latter half of the year.

Referring to the Pyongyang visits of Rev. Mun Ik-hwan and coed Yim Su-kyong, it said it would continue the movement for reunification.

It reaffirmed its plan to more staunchly wage the struggle for the abrogation of the anti-national and anti-reunification "National Security Law."

News Conference Held at Soviet Embassy*SK0210234989 Pyongyang KCNA in English
1514 GMT 2 Oct 89*

[Text] Pyongyang October 2 (KCNA)—A press conference was held at the Soviet Embassy here today.

Charge d'Affaires Ad Interim of the Soviet Embassy Boris Morozov spoke at the press conference.

Informing them of the plenary meeting of the C.C. [Central Committee], the Communist Party of the Soviet Union held in September, he said it adopted decisions on the convocation of the 28th regular congress of the party and on the programme of the CPSU regarding the issue of nationalities.

The preparations for the party congress, he said, will contribute to strengthening the party politically and ideologically, enhancing the role of the party as a political vanguard and achieving the unity of the whole society.

Hong Song-nam Meets Soviet Planning Delegation*SK0210062989 Pyongyang KCNA in English
0534 GMT 2 Oct 89*

[Text] Pyongyang October 2 (KCNA)—Vice-Premier Hong Song-nam met and had a friendly talk with the delegation of the Soviet State Planning Committee headed by director of a department of the committee V. V. Prusov at the Mansudae Assembly Hall on October 1.

Present there were officials concerned and charge d'affaires ad interim of the Soviet Embassy here Boris Morozov.

Reportage on GDR Delegation Visit to DPRK**Soldiers Mark GDR Anniversary***SK0310000289 Pyongyang KCNA in English
1516 GMT 2 Oct 89*

[Text] Pyongyang October 2 (KCNA)—A soldiers' meeting was held today at the unit of the Korean People's Army to which Comrade Kim Yun-sim belongs, on the occasion of the 40th birthday of the German Democratic Republic.

Present on invitation were Hans Maretzki, GDR ambassador, and an official of his embassy here.

Speeches were exchanged there.

Envoy Spurns South Relations*SK0210233289 Pyongyang KCNA in English
1510 GMT 20 Oct 89*

[Text] Pyongyang October 2 (KCNA)—A press conference was held today at the Embassy of the German Democratic Republic here on the occasion of the 40th founding anniversary of the GDR.

Addressing the conference, Ambassador Hans Maretzki said that the achievements made by the GDR people in the modernization of industry, scientific and technological development and the improvement of the people's living and other domains in the past 40 years since the founding of the GDR prove the correctness of the policy of the Socialist Unity Party of Germany in building a GDR-style socialist society on socialist principles.

The GDR will, in the future, too, maintain the principle of Marxism-Leninism and pursue the goal of building a powerful socialist country.

Reaffirming support to all the reasonable proposals and initiatives of the DPRK for the independent and peaceful reunification of the country, he declared that the GDR will not have any political and economic relations with South Korea.

Film Show Marks Anniversary*SK0310113689 Pyongyang KCNA in English
1111 GMT 3 Oct 89*

[Text] Pyongyang October 3 (KCNA)—A photo exhibition opened and a film show was held in Pyongyang today under the sponsorship of the Committee for Cultural Relations with Foreign Countries on the occasion of the 40th anniversary of the foundation of the German Democratic Republic.

Attending the opening ceremony of the photo exhibition were O Mun-han, vice-chairman of the committee, other officials concerned and working people in the city.

Invited there were GDR Ambassador to Korea Hans Maretzki and his embassy officials and cultural officials of different embassies here.

Speeches were made at the opening ceremony.

The attendants saw pictures showing the proud achievements made by the GDR people in socialist construction under the leadership of the Socialist Unity Party of Germany.

Then, they saw a GDR feature film.

Kim Il-song Receives Romanian Military Delegation

*SK0310112889 Pyongyang KCNA in English
1107 GMT 3 Oct 89*

[Text] Pyongyang October 3 (KCNA)—The great leader President Kim Il-song today received the military delegation of the Romanian Socialist Republic led by Colonel General Vasile Milea, minister of national defence, on a visit to Korea.

Present there were minister of People's Armed Forces O Chin-u, General of the Korean People's Army Kim Pong-yul and charge d'affaires ad interim of the Romanian Embassy in Pyongyang Aureliu Ioan Lazar.

President Kim Il-song had a conversation with the guests in a cordial and friendly atmosphere.

He was presented with a gift by the head of the delegation.

Delegation Gives Gift to Kim Chong-il

*SK0310104389 Pyongyang KCNA in English
1030 GMT 30 Oct 89*

[Text] Pyongyang October 3 (KCNA)—Dear Comrade Kim Chong-il was presented with a gift by Colonel General Vasile Milea, minister of national defence, who is heading a military delegation of the Romanian Socialist Republic, on a visit to Korea.

The gift was handed to O Chin-u, minister of people's armed forces, by Colonel General Vasile Milea.

Chongnyon Claims Hostile Japanese Acts

*SK0210102889 Pyongyang KCNA in English
0959 GMT 2 Oct 89*

[Text] Tokyo September 29 (KNS-KCNA)—The Japanese authorities intend to create an anti-DPRK, anti-Chongnyon social climate in Japan by setting even some media in motion, and this is an act of running counter to the trend of the times, quite contrary to the will and interests of the Korean and Japanese peoples who want amity and friendship between the two countries.

We demand an immediate halt to the hostile policy of the Japanese Government against the DPRK and the General Association of Korean Residents in Japan (Chongnyon).

The Chongnyon Central Standing Committee stressed this in a statement issued at a press conference it called at the Korean hall in Tokyo on September 29.

Recalling that the Japanese Foreign Minister Nakayama in his talks with the South Korean "foreign minister" on September 25 and in his speech at the U.N. General Assembly on September 27 expressed support for South Korea's "separate entry into the U.N.," and the Japanese rightist reactionaries swarmed to the Chongnyon central headquarters (Korean hall) and raised a despicable anti-DPRK, anti-Chongnyon row and committed a malicious provocation, the statement said:

Recently some weekly magazines and other media of Japan made a false propaganda over "introduction of joint cards for pachinko," incited national chauvinism against the DPRK and Chongnyon and hurled malicious slanders at the business activities of Korean traders and industrialists in Japan.

It is clear to anybody that these acts are connected with the backstage manipulation of the Japanese public security authorities.

We demand that the Japanese Government renounce its policy aimed at obstructing the peaceful reunification of Korea and freezing division and show their intention to improve Japan-DPRK relations not in word but in deed.

We also demand that the Japanese Government refrain from national discrimination and suppression against Korean nationals in Japan and guarantee them democratic national rights, respecting the historical background of the residence of Koreans in Japan and the international usage.

Japanese DPRK 'Smear Campaign' Denounced

*SK0210103089 Pyongyang KCNA in English
1005 GMT 2 Oct 89*

[Text] Pyongyang October 2 (KCNA)—NODONG SINMUN in a signed commentary today raps at the Japanese reactionaries' smear campaign against the Democratic People's Republic of Korea and the General Association of Korean Residents in Japan (Chongnyon).

Japanese rightist reactionaries on September 27 swarmed to the Chongnyon central headquarters (Korean hall) to commit an anti-DPRK, anti-Chongnyon smear campaign and provocative acts, and some press organs made a false propaganda with outcries over the "introduction of joint cards for Pachinko," inciting national chauvinism against the DPRK and Chongnyon.

Noting that the despicable smear campaign and malicious provocations are not accidental ones by some rightist reactionaries, staged at a time when the Japanese foreign minister voiced support for South Korea's "separate entry into the U.N." at the U.N. General Assembly, the news analyst brands them as organized, premeditated criminal acts for insidious political purposes.

Pointing out that the rightist gangsters with the connivance of the Japanese ruling quarters have committed all kinds of criminal acts against Chongnyon and Korean

citizens in Japan in step with the anti-communist intrigues of the South Korean puppets, he goes on to say:

In goading the rightist gangsters of Japan into anti-DPRK, anti-Chongnyon smear campaign the South Korean puppets and the Japanese reactionaries seek to snag the patriotic activities of Chongnyon and Koreans in Japan who are fighting for national reunification abroad, further step up the criminal moves to make "two Koreas" and throw a wet blanket over the amity and friendship between the Korean and Japanese peoples.

The Japanese Government must immediately renounce its policy hostile to the DPRK and Chongnyon, refrain from national discrimination and suppression of Koreans in Japan and guarantee them democratic national rights.

PRC Military Delegation Arrives in Pyongyang

*SK0310104989 Pyongyang KCNA in English
1045 GMT 3 Oct 89*

[Text] Pyongyang October 3 (KCNA)—A military delegation of the People's Republic of China headed by Liu Huaqing, deputy secretary general of the military commission of the Central Committee of the Communist Party of China, arrived in Pyongyang today by train.

It was met at Pyongyang railway station by generals of the Korean People's Army Chon Mun-sop and Yi Tu-ik and other generals and officers and Chinese Ambassador to Korea Wen Yezhan and military attache of his embassy Wang Dahui.

A welcome function for the delegation took place at the railway station.

Kim Il-song Meets Former Mongolian Envoy's Sons

*SK0310103589 Pyongyang KCNA in English
1023 GMT 3 Oct 89*

[Text] Pyongyang October 3 (KCNA)—The great leader President Kim Il-song invited three sons of Comrade J. Sambuu, former chairman of the presidium of the Great People's Khural and the first ambassador of the Mongolian People's Republic to Korea in the period of the fatherland liberation war to visit Korea and showed great loving care for them during their stay in Korea, remembering their father even after the lapse of nearly 40 years.

Before leaving for home they called a press conference and talked about the noble love and lofty virtues and greatness of the respected leader President Kim Il-song who considers revolutionary obligation to be the most valuable thing that cannot be bartered for anything.

The eldest son said that the benevolent love bestowed by the great leader upon his father from the grim period of the Korean war has been handed down to them today. After the arrival of his brothers and their entourage in

Pyongyang he showed them utmost care and solicitude so that they might have a good time without the slightest inconvenience, he said.

He pointed out that dear Comrade Kim Chong-il saw to it that a birthday dinner was arranged for him, adding:

we will always remember each significant day of our visit to Korea.

The second son had this to say:

We were received by the great leader Comrade Kim Il-song. This is the greatest glory and happiness for us. I could hardly keep back hot tears, looking up to the great leader who called us, not forgetting our father, though scores of years have passed.

Comrade Kim Il-song is the great leader of high virtues and with love as deep as sea. We will remember his fatherly love forever.

In recent years the Korean people wrought miracles in political, economic, cultural and all other spheres under the wise guidance of dear Comrade Kim Chong-il.

The third son stressed that Korea owes all its successes to the great leader who fathered the chuche idea and has wisely led the Korean people.

The Mongolia-Korea friendship with long historical traditions have strengthened and developed to a new, higher stage on the basis of the intimacy between the great leader Comrade Kim Il-song and respected Comrade J. Batmonh, he said, and added:

I will cherish deep in my heart the great loving care bestowed upon us by the great leader and add brilliance to the friendship for ever down through generations.

Commodities Protocol With Mongolia Signed

*SK0210055989 Pyongyang KCNA in English
0504 GMT 2 Oct 89*

[Text] Pyongyang October 2 (KCNA)—A 1990 protocol on the delivery of commodities and payments between the Governments of the Democratic People's Republic of Korea and the Mongolian People's Republic was signed in Ulaanbaator on September 27.

The protocol was signed by Vice-Minister of Foreign Trade Song Hui-chol, head of the Korean Government trade delegation, on our side and D. Gotov, first deputy minister of foreign relations and supply of Mongolia, on the opposite side.

Ho Tam, Delegation Return From Bulgaria

*SK0210054689 Pyongyang KCNA in English
0515 GMT 2 Oct 89*

[Text] Pyongyang October 2 (KCNA)—The delegation of the Workers' Party of Korea headed by Ho Tam, member of the Political Bureau and secretary of the

Central Committee [C.C.] of the WPK, which attended the meeting of secretaries of international affairs of the parties of the socialist countries held in Bulgaria returned today by air. The delegation was met at the airport by Kye Ung-tae, member of the Political Bureau and secretary of the C.C., the WPK, Kim Yang-kon, vice-director of a department of the C.C., the WPK, Bulgarian Ambassador Petor Danailov and Charge d'Affaires Ad Interim of the Soviet Embassy Boris Morozov.

Vice Foreign Minister Meets Counterparts at UN

SK0210062589 *Pyongyang KCNA in English*
0531 GMT 2 Oct 89

[Text] Pyongyang October 2 (KCNA)—Kang Sok-chu, first vice-minister of foreign affairs of Korea, attending the 44th U.N. General Assembly session met foreign ministers of GDR, Czechoslovakia, Iran, the Sudan, Colombia, Togo, Yemen P.D.R., Peru, Sweden, Cape Verde and the Philippines on September 26 and 27.

The foreign ministers expressed support to the just stand and proposals of the Workers' Party of Korea and the DPRK Government for the independent and peaceful reunification of the country and the struggle of the Korean people to realize them and underscored the need to develop the bilateral relations.

New Housing Provided to 5,000 Pyongyang Families

SK0210103689 *Pyongyang KCNA in English*
1022 GMT 2 Oct 89

[Excerpts] Pyongyang October 2 (KCNA)—Working people in the capital Sunday began to move to new flats for 5,000 families in Kwangbok street under the loving care of our party. [passage omitted]

The modern flats in Kwangbok street are happy nests of our working people which have been built under the wise guidance of the Great Leader President Kim Il-song and Dear Comrade Kim Chong-il who, regarding it as the supreme principle of the party activity to promote people's welfare, look after the living of all families across the country down to details and show deepest love and care for them. [passage omitted]

Need for Small, Medium Power Stations

SK0210035589 *Pyongyang Domestic Service in Korean*
2218 GMT 25 Sept 89

[NODONG SINMUN 26 September editorial: "Let Us Vigorously Accelerate the Construction of Small- and Medium-Sized Power Stations by Learning From Units That Are Going Ahead"]

[Text] Some time ago, many persons were touched by the news that Yodok county, by constructing small- and medium-sized power stations, is satisfying the county's demand for electricity, with its own power, not depending on electricity from the state.

Following Taehongdan County's lead, Yodok County has put all local industries and factories, power facilities of organs, enterprises, and cooperative plants in the county into operation with electricity produced with its own power, and has guaranteed lighting for them. This is a splendid example that all cities and counties should follow.

Comrade Kim Chong-il, member of the Political Bureau Presidium and secretary of the party Central Committee, has taught: The best way to easily guarantee the demand for electricity with each passing day is to construct small- and medium-sized power stations in a nationwide movement, as well as speed up construction of large-scale power stations.

As the struggle to carry out the Third 7-Year Plan ahead of schedule has been vigorously pushed ahead and the economic construction of socialism has been rapidly accelerated, the demand for electricity has rapidly increased. For this reason, smoothly solving the problems concerning electricity is an important question.

Our party holds constructing small- and medium-sized power stations on a grand scale, along with large-scale power stations, to be an important task, and has concentrated great efforts on this in order to increase electricity to satisfy demand for electricity with each passing day.

Now the construction of small- and medium-sized power stations has been accelerated as a nationwide movement and great success has been attained in various provinces, counties, factories, enterprises, and cooperatives. Since Yodok and Taehongdan Counties have already fully produced and guaranteed the necessary electricity, many other counties—such as Toksong, Yangdok, Sinhung, and (Yonggang) Counties—have stepped into the ranks by degrees. These facts clearly show how the party's policy of constructing small- and medium-sized power stations in every place is just and how its great vitality has been demonstrated.

All national economic sectors and local communities, by adhering to the intention of the party and following the experiences of units that are advancing, should more actively wage the struggle to construct small- and medium-sized power stations in a nationwide movement. In the experiences of the units that are advancing, what is important in constructing small- and medium-sized power stations is, above all, that functionaries and the working people struggle with firm resolve to settle the questions concerning the electricity that is needed for their units and local communities, with their own strength, by adhering to the intention of the party.

The units that are going ahead in constructing small- and medium- sized power stations have a firm position toward settling the demand for electricity as required by the party, even surmounting difficulties by accelerating the construction of small- and medium-sized power stations, without resorting to help from the state.

Not regarding the questions concerning construction of small- and medium-sized power stations as being merely

basic questions of building a few of power stations, but regarding these as being important questions designed to further smoothly settle the questions concerning national electricity, to accelerate *chuche*-orientation, modernization, and science-orientation of the national economy. To implement a new grand plan ahead of schedule, all countries and units concerned should turn out in a revolutionary way to settle questions concerning electricity needed for their local communities and units by their own efforts.

The construction of small- and medium-sized power stations should be pushed ahead in every place. The fact that Sokyo-ri, Unchon County, produces electricity by using water pumps and that Sangwon County produces electricity by utilizing shallow streams shows that electricity can be produced everywhere in our country where there are a lot of rivers and streams, once we put our mind to it, cherishing the party's intention of making the best use of water.

The party has now stressed the construction of many watermill-type electric generators in rivers and streams. All provinces, cities, and counties, including Yanggang and Chagang Provinces, which have good natural conditions, should utilize their electricity-producing capabilities wherever possible through massive construction of watermill-type electric generators, even in streams, along with the construction of hydroelectric power stations in large rivers.

Under the circumstances in which small- and medium-sized construction is being accelerated as a massive movement of nationwide scope, the smooth preparation for generators, watermills, and various facilities and equipment at the proper time is very important. Units that are proceeding with work, including Yodok and Yonggwang Counties, are resolving the problems concerning facilities and equipment in a positive manner, and with their own strength, by actively mobilizing inner reserves and remodeling or creating facilities—not merely by waiting for assistance from higher echelon. Provinces, counties, cities, factories, enterprises, and cooperatives, by following this example, should give full play to the ethos of resolving the problems involved in the construction of small- and medium-sized power stations with their own strength.

What is important in the experience of units that are proceeding is to steadily push ahead with this work until success is attained. The party's policy cannot be thoroughly consummated with the dispersal of efforts. There may be ordeals and difficulties in the course of implementing the party's policy of massively constructing small- and medium-sized power stations. As shown through the experiences of Yodok, Yangdok, and Toksong Counties, success can be attained only when the construction of small- and medium-sized power stations is resolutely accelerated, never giving up at the halfway point even in the face of repeatedly failing to resolve technological and various other difficult problems.

Holding firm to the faith intended by the party and bearing a revolutionary stance to consummate the party's demands until success is attained at any cost, Yodok, Yangdok, Toksong Counties have coped with difficulties, no matter how complicated they may be. Our functionaries and working class should resolutely struggle to carry out the party's policy to construct small- and medium-sized power stations, by consistently sticking to the party's policy.

To attain success in constructing small- and medium-sized power stations, targets should be set valiantly high and goals should be comprehensively accelerated, as eloquently illustrated in the experience of Yodok County. Deciding that its county party committee creates the capacity to produce electricity sufficient to supply the county year round, and that it does not use electricity from the state, Yodok implemented its decision by turning out in a revolutionary manner.

All cities and counties should expand the success attained in construction of small- and medium-sized power stations by carrying out the battle of annihilation and by setting high goals and concentrating forces, as was one in Yodok County. In constructing small- and medium-sized power stations, the experiences of units that are going ahead show that county functionaries should discharge their obligation and roles as masters of the county.

Mainly, the construction of small- and medium-sized power stations is accelerated with the county—the local community base—as a unit. And success can be attained according to the efforts put forth by functionaries of county, party, and administrative and economic organs. As shown in the counties which have become excellent examples in the construction of small- and medium-sized power stations, functionaries of the counties are without exception pushing vigorously ahead with these works, and are sticking to them as masters.

Functionaries of party and administrative and economic organs in every county, holding the proper view that success in constructing small- and medium-sized power stations depends upon their efforts and upon organized abilities, and not upon circumstances, should be careful in organizing works and should resolve pending problems at the proper time by standing in the vanguard of these works.

We never talk about the successes attained in Taehongdan and Yodok Counties in the construction of small- and medium-sized power stations apart from the revolutionary work ethos, that whenever difficulties appear, functionaries of the counties always live on the worksites, uniting as one with the workers and technicians, assuming responsibility, and resolving problems together with workers and technicians, going deep into the masses. Responsible functionaries of cities and counties, by always going deep into the masses, should discuss with the masses ways to settle problems concerning construction of small- and medium-sized power stations,

and should lead functionaries and technicians to give full play to their technologies, talents, and creative wisdom.

In particular, functionaries of cities and counties, in paying strict attention to the work with technicians and in valiantly giving them tasks and supporting them, should settle problems concerning technology with their own strength. The province has been put in an important position with regard to accelerating the construction of small- and medium-sized power stations. Our party requires that bases capable of producing electricity in the provinces be well provided for, and that the facilities and equipment needed for the construction of small- and medium-sized power stations be produced and guaranteed with the local communities' own strength.

In constructing small- and medium-sized power stations, South Hamgyong and Yanggang Provinces are going ahead. Functionaries of the party and administration and economy in the each province should carry out the work of organization and guidance in a substantial manner, always grasping and summing up the decree on construction of small- and medium-sized power stations in provinces. In this way, they should lead all counties to reach the level of Yodok and Taehongdan Counties at an early date.

In massively pushing ahead with the construction of small- and medium-sized power stations, the roles of the three revolutionary team members are great. There are devoted struggles and efforts in the success attained by units that are going ahead, including Yodok County. The three revolutionary team members, who are dispatched to every city, county, and unit, should effect greater successes in carrying through the party's policy of construction of small- and medium-sized power stations by making efforts with the functionaries concerned, workers, and technicians. As a result, when small- and medium-sized power stations are constructed everywhere throughout the country, the problems concerning electricity can be resolved more easily, the material and cultural lifestyle of the people can be more affluent, and overall socialist economic construction can be more rapidly accelerated.

Minister Attends Film Distribution Meeting

SK0210063189 Pyongyang KCNA in English
0526 GMT 2 Oct 89

[Text] Pyongyang October 2 (KCNA)—A national meeting of film disseminators was held in the Pyongyang International Cinema House on September 30 and October 1.

The meeting summed up the successes and experiences gained in the ten odd year long endeavours to carry out the tasks laid down in "on improving and strengthening film dissemination to suit the requirements of party ideological work," a historical letter of dear comrade Kim Chong-il to the participants in the national meeting of film disseminators on March 8, 1978, in hearty

response to it and discussed the measures to effect a new great upsurge in film dissemination in keeping with the needs of developing reality.

Chang Chol, minister of culture and art, read a congratulatory message of the Central Committee of the Workers' Party of Korea to the participants of the national meeting of film disseminators.

In the message the WPK Central Committee highly estimated the feats in labour of film disseminators who made a great contribution to the strengthening and development of the propaganda and agitation of our party by carrying out their revolutionary tasks in a responsible manner with unbounded loyalty to the party and the leader.

The message indicated the tasks before the film disseminators such as pushing ahead with the brisk film dissemination to carry through the policy of the party on strengthening education in the chuche idea among the party members and other working people in conformity with the demands of the obtaining situation and developing revolution. A report and speeches were made and a pledge to the WPK Central Committee was adopted at the meeting.

South Korea

Student Allowed To Contact DPRK Diplomat

SK0210125989 Seoul YONHAP in English 1205 GMT
2 Oct 89

[Text] Seoul, Oct. 2 (YONHAP)—In an unprecedented move, South Korea has allowed one of its students in Paris to make contact with a North Korean diplomat for academic purpose.

A senior government official here said Monday that the authorities have approved Chong Song-chang, a 24-year-old political science student at Paris University, to contact a North Korean cultural attache in Paris to obtain information and materials for his doctoral dissertation.

"The government approved the contact because the purpose was purely academic," the official said. "National unification minister Yi Hong-ku himself made the decision."

The official, speaking on condition of anonymity, said it was in July that Chong formally requested the government to allow him to contact a cultural attache of the North Korea diplomatic mission in Paris for his research on changes of the North Korean society since the Sixth Workers' Party Congress in 1980.

It was the first time for a South Korean student abroad to formally request his government for a contact with a North Korean diplomat as well as to obtain an approval.

Hope Expressed for South-North Talks Progress*SK0310043389 Seoul HANGUK ILBO in Korean
1 Oct 89 p 2*

[Editorial: "The Second Round of South-North Exchange"]

[Text] Talks, direct and indirect, have begun anew between the South and North. These talks are an indication that relations between the South and North, frozen since a series of secret visits to the North by Rev Mun Ik-hwan was made public, have now entered a phase of exploring new possibilities.

The first signal was flashed by the North-South contact between the Red Cross working delegates conducted on 27 September, the first in 3 years and 10 months. During the working meeting on 27 September, North Korea insisted on releasing Rev Mun and Yim Su-kyong, which has nothing to do with the Red Cross issues. However, it is highly probable that the North and South could agree on exchanging home-visiting groups and art troupes before the end of this year.

The government then announced that it will propose to the North the reopening of a preliminary meeting for talks between the high-level authorities of the North and South and North-South sports talks before the end of this month. In addition, Catholic priests have obtained government permission for their invitation to their North Korean counterparts to participate in the World Eucharistic Congress, and Buddhist monks have secured government approval of their invitation for their North Korean worshippers to participate in a lotus lantern festival.

It remains to be seen how the North Korean side will respond to such a series of movements. However, to a degree, we can be optimistic about the North's reaction in view of the fact that it was North Korea that proposed the resumption of a series of South-North dialogues toward the end of August and also because of the progress in the contact of the Red Cross working delegates.

Another factor that makes us optimistic about the North side's reaction is that North Korea has expressed its willingness to discuss proposals other than one for the founding of the Democratic Confederate Republic of Koryo [DCRK]. This was hinted in a speech delivered on 28 September by Kim Yong-nam, North Korea's foreign minister and vice chairman of the Committee for Peaceful Reunification of the Fatherland. As has already been noted by our government, Kim Yong-nam's insistence on holding a joint meeting of authorities, political parties, and public organizations indicates that in fact North Korea has not backed away even an inch from its conventional stand.

This notwithstanding, North Korea's willingness to discuss proposals other than the proposal for the founding of the DCRK, which it has regarded as sacred as an absolute creed, merits our attention. To be a little more

optimistic, North Korea's flexible remarks on its proposal for the founding of the DCRK may probably pave the way for the realization of talks between the persons in high authority of the South and North.

Of course, this is only an optimistic, hopeful thought at this stage and will be proved in North Korea's response to our proposals for exchanges of home-visiting groups and Catholic and Buddhist worshippers.

Judging from the fact that the changes occurred in the environment around the Korean peninsula, it can be said that the atmosphere for the reopening of South-North dialogue has matured. Moreover, since the Pyongyang festival has been touted as equal to the Seoul Olympics, North Korea can be said to have gone through the expected course of creating the internal conditions for resumption of dialogue with the South.

At this stage, we need to be careful in approaching the signals of movement toward the reopening of South-North talks based on what we have gone through since the 7 July Declaration and a series of secret visits to the North. Above all, the North side should give up the foolish idea that it can take advantage of the chaos on our side.

Our side should also confront the South-North talks in an orderly manner, on the basis of a reasonable and open-minded national consensus.

The South-North talks are to be conducted with a view toward paving the way for reunification. Rash slogans calling for the South-North talks to bring about a miracle, namely reunification, are not desirable. The reopening of the South-North talks, scheduled to be reopened after twists and turns, is hoped to make South-North relations take a practical step forward, one step at a time.

U.S. Official's Remarks on DPRK Ties Noted*SK0210011089 Seoul CHUNGANG ILBO in Korean
29 Sep 89 p 4*

[Report from New York correspondent Pak Chun-hyong]

[Text] It was learned on 28 September that the United States and North Korea have had secret contacts four times in Beijing, China since last December, and that no progress has been made in the efforts to improve relations between the two sides.

In a seminar on North Korean affairs which was held last week for professors studying Korean studies under the sponsorship of the Institute of Korean Studies of the Institute of East Asian Affairs at Columbia University, Neil Silver, deputy director of the U.S. Department of State's Korean section, disclosed that the United States has had secret contacts with North Korea four times thus far since the United States announced a policy regarding unofficial contact with North Korean diplomats and exchange of civilians between the two sides.

The deputy director of the Korean section was reported to have said in the seminar that during the secret contacts the United States stressed the following points: 1) the resumption of constructive dialogue between North and South Korea, 2) the suspension of slandering and hostile acts in the Demilitarized Zone, 3) the need for the two sides to build up trust between them by sending observers to the military exercises of the two sides in the future, 4) the repatriation of the remains of U.S. soldiers killed during the Korean war through the Military Armistice Committee, and 5) the suspension of North Korea's terrorist activity in the international arena. He was reported to have said that North Korea did not show any concrete response to this while asserting the need to upgrade the level of U.S.-North Korea contact.

Students Urged To Refrain From Anti-U.S. Acts

SK0210032789 Seoul YONHAP in English 0234 GMT
2 Oct 89

[Text] Seoul, Oct. 2 (YONHAP)—Culture and Information Minister Choe Pyong-yol told radical students Monday to stop desecrating the U.S. flag with a warning that they will be dealt with in accordance with law if they do not refrain from such an action.

"The government cannot help being deeply concerned by the deplorable activities occurring at some universities recently, where students are profaning a traditionally friendly nation's flag. The government won't tolerate such unintellectual behavior, defying the international custom of paying respect to a foreign countries' flag," Choe said.

"Anti-American actions by a handful of radical students are against most Korean people's opinions. The government will crack down on such activities using the weapons of the law, but urges students to refrain from these actions."

Education Minister Chong Won-sik sent letters to universities across the country Sept. 26, instructing them to remove anti-American posters and prevent any attempt to vandalize the American flag.

Populace Polled on War Readiness, U.S. Presence

SK0210232389 Seoul THE KOREA TIMES in English
3 Oct 89 p 3

[Text] The bulk of the Korean people believe that the U.S. force stationed in South Korea contributes to peace and security on the peninsula and that pull-out of the American troops from the South is not desirable for the present, according to an opinion poll.

This was made clear with the release of the survey which was conducted recently by Korea Gallup at the request of the Ministry of National Defense.

The survey polled 1,500 citizens, male and female, aged above 20.

The poll showed 83.7 percent of the people surveyed thought that the U.S. military presence helped maintenance of peace and security on the Korean peninsula and that 71.7 percent believed that withdrawal of the U.S. force was not desirable.

The survey said 64.7 percent replied that they were ready and willing to rise and fight for the country, if war broke out again on the peninsula.

The male citizens who showed determination to fight in a war accounted for 85.9 percent of the men surveyed, according to the poll, while the female citizens who were ready to rise with weapons reached 44.4 percent.

But 7.5 percent of the men and 33.5 percent of the women answered that they would not fight in a war, the poll showed.

By educational background, 74.2 percent of those who attended school above college-level expressed the intention to participate and 70 percent of those who graduated only from high school showed readiness for war, the survey indicated.

The poll added that 6.6 percent of the people who finished their education at middle school had the intention of taking part in a war.

The survey also said the high-income-brackets had a much stronger intention of fighting than low-income citizens did.

By income bracket, the high-income people who were ready and willing to fight accounted for 69.6 percent of the total figure, while middle-income citizens who had the intention of going to war stood at 67.3 percent.

The poll revealed that 59.1 percent of people from low-income brackets were determined to participate in a war.

Those who expressed a confidence in the defense capability of the Armed Forces reached 73.1 percent of the people sampled in the poll.

As for the comparison of South-North military strength, 57.3 percent of the total replied that North Korea was superior to South Korea in military strength.

The citizens who thought that the South was stronger than the North in military strength accounted for 20.8 percent, the survey said.

Those who considered that retired generals still exercised influence in the political arena reached 76.8 percent of the total, according to the poll.

The survey also said that 55.8 percent of the people polled opposed participation of retired military servicemen in politics.

Security Planning Rights Violations Assailed

SK0310050989 Seoul HANGYORE SINMUN in Korean
30 Sep 89 p 6

[Editorial: "'Sexual Torture' Threats and Stool Pigeons Again?—Revising the Law To Democratize the Agency for National Security Planning Urgently Needed"]

[Text] A country where its people cannot live while following the dictates of their reason and conscience does not have a democratic system at all, it blocks the development of history, and steps backward to a feudal society. Therefore, some acts that the ruling forces are committing in our society go against history and civilization.

Government organizations are committing such acts using the people's taxes. On 26 September, HANGYORE SINMUN reported that the NSP [Agency for National Security Planning] maneuvered to select university students, most of them female, and let them serve as stool pigeons on campuses, and through this process it threatened to subject them to "sexual tortures." This episode not only angers but bewilders the people. In an effort to arrest those who have been placed on the wanted list on security charges, the NSP took along university students without an arrest warrant and threatened to "investigate the irregularities of members of their family and detain them" or to "subject them to sexual tortures," thus violating their human rights and transgressing moral laws. A leader of the National Council of University Student Representatives said that some 60 similar cases have been found across the country.

Long before the Sixth Republic was inaugurated, the Democratic Justice Party had promised to pass a law and institute a system that would prevent the NSP from getting involved in politics and from suppressing human rights. To fulfill this promise, the government had the Administrative Reform Committee prepare an amendment to the NSP law. The "plan to regulate the NSP and other intelligence organizations," which was mapped out and passed by the Administrative Reform Committee on 29 November 1989, stipulates that the NSP shall gather information at home and abroad with regard to national security and analyze it and shall investigate areas that are stipulated in the National Security Act. Where is this amendment sleeping? Just as it did during the Fifth Republic, the NSP has its hands on various sectors of the country and is creating terror and uneasiness.

Unless organizations such as the NSP, which makes people lead uneasy lives and which divides our community and creates antagonism within, is reformed, the country cannot be democratized. Look! How can young men and women who should love their friends lead a normal life in a society where they are forced to serve as stool pigeons for the NSP and to provide information against their friends and, as a result, cry because they are stung by conscience? The Chon Tu-hwan dictatorial regime has left the lesson that such a regime will perish. The "afforestation project" [a government project that

was carried out during the Fifth Republic to indoctrinate student activists who were drafted to the military] and tortures at the Anticommunist Affairs Annex [of the National Police Headquarters] in Namyong-tong were a fuse to the Fifth Republic's destruction. The more often one recalls this lesson, the better.

However, at a time when it is difficult to expect the NSP to reform itself, it must be reformed by the National Assembly by revising the NSP Law. We again expect much from the on-going regular session of the National Assembly.

BOK Governor on Foreign Exchange Reforms

SK0110022189 Seoul THE KOREA TIMES in English
1 Oct 89 p 10

[Text] New York (Special)—The South Korean chief of the central bank said here Friday that his country will continue to reform its foreign exchange market as well as to take steps to liberalize Korea's money and capital markets.

Addressing the Asia Society Forum, Kim Kun, governor of the Bank of Korea, accented that the determination of foreign exchange rates will be gradually entrusted to market forces and the system of foreign exchange concentration will be eased further while encouraging inter-bank transactions as part of the measures to broaden Korea's foreign exchange market.

"Through these measures, it is hoped that interest rates and foreign exchange rates, determined on the market, will track each other closely," the 60-year-old governor said.

He stressed that bank deposit rates will be gradually deregulated and banks will be encouraged to further expand the scope of their domestic and international business.

Kim said greater access to international investment-company funds and convertible bonds will be given to foreign investors, adding that from the early 1990s, foreign investors will be able to buy and sell securities for their own account on the domestic capital market.

In tandem with the opening of the securities market, he said, direct foreign investment will be further liberalized through the replacement of the current license system by a notification system, which will be fully in place by 1993, he said.

Kim stated Korea is beset by several challenges both domestically and externally—growing demand for even more sharing of the economic pie, rising wage costs, appreciation of the won, sluggish exports, unemployment problem and the opening of the domestic market.

Saying that Korea's economy is undergoing a cyclical adjustment after three years of rapid growth, Kim said the most important task confronting the Korean economy is to maximize its growth potential through

enhancing the economy's competitiveness and efficiency while adapting to new economic realities.

To cope with this, government economic policies have a triple focus—improving industrial structure and fostering technological innovation; achieving fairer distribution and a more even balance among sectors and the sustained pursuit of liberalization and internationalization," Kim stressed.

Agricultural Market Opening Impact Studied

SK0210233989 Seoul THE KOREA TIMES in English
3 Oct 89 p 8

[Text] The full liberalization of the domestic agricultural market will reduce the annual incomes of farming households by 36.7 percent on average, according to research by Prof. Kang Pong-son of Seoul National University.

He conducted his research on the impact of the open agricultural market on rice, bean, beef and pork.

Based on the import liberalization for the four items without customs duties, he said that retail prices of rice would decrease by 62.7 percent, those of bean by 73.5 percent, those of beef by 15.9 percent and those of pork by 15.9 percent.

But he claimed that if the present customs duties remain intact, prices of rice would go down by 60.8 percent, those of bean by 70.8 percent and beef by 55.2 percent, while those of pork will increase by 16.5 percent.

Meanwhile, import liberalization will decrease domestic production of rice by 32 percent, that of bean by 60 percent, that of beef by 45 percent and that of pork by 11 percent.

The professor said that the opening of the agricultural market makes it inevitable for the nation to import the four items worth some \$1.2 billion per year.

Claims Against Product Quality, Delivery Rise

SK0210234389 Seoul THE KOREA TIMES in English
3 Oct 89 p 8

[Text] Claims over the export of Korean products are sharply increasing, thereby lowering their creditability on the international market.

According to the Trade-Industry Ministry, foreign buyers of Korean products lodged a total of 368 claims amounting to \$21.812 million during the first eight months of this year.

The amount showed a 58.6 percent increase from the \$13.753 million involving 517 claims that were received all of last year.

The monthly claim amount for this year rose almost 140 percent from the \$1.146 million of last year to \$2.726 million.

Of the total claims during the first eight months of the year, 262 cases or 82.9 percent worth \$19.46 million were related to delays in delivery of items to foreign buyers. The comparative ratio was 52 percent last year.

Meanwhile, 74 claims or 10 percent amounting to \$2.174 million were connected with the poor quality of Korean products.

Claims against electric and electronic products during the period amounted to \$11.644 million, topping the list of exported items, compared with the \$2.328 million registered in the whole period of last year.

Machinery and metals drew claims worth \$2.36 million, petrochemicals \$1.1 million and haberdasheries \$1.1 million.

By country, the United States lodged 62 claims worth \$1.46 million, Japan 14 (\$1.087 million) and West Germany 24 (\$310,000).

The increasing number of claims against Korean products are chiefly ascribed to labor-management disturbances at their makers.

Television Program on Alar Controversy Reviewed

SK0110023789 Seoul THE KOREA TIMES in English
1 Oct 89 p 6

[From the "West Window on Seoul" column: "A Study in Logic" by Edward W. Poitras]

[Excerpt] Not long ago MBC television broadcast a documentary program about imported agricultural products that was a fascinating, though unintentional study in the uneven struggle between prejudice and logic. First the program presented representatives of several organizations who complained vociferously that the United States was foisting upon Korea fruit dangerous to the public's health because of contamination with the chemical called alar. The emotional attacks against devious American economic imperialism left little room for doubt that Korea was being unjustly victimized in the current trade war.

In order to test the validity of this claim, the program then sought its own scientific evidence. The reporter was shown traveling to 10 separate locations in the Seoul area, some of them supermarkets, some of them stalls in large open markets, where he was photographed purchasing imported American grapefruit and lemons. He explained that there had been no outcry about lemons, but just as a kind of double confirmation of the validity of the charges, MBC was prepared to test two kinds of citrus products at the same time.

The 20 samples were then taken to an independent laboratory with impeccable credentials, one already well known for its competence and fairness through its work with the 1988 Olympics. The entire process of receiving, processing, and testing the fruit samples for alar was then recorded in detail on film and shown. Even though the

program had shown American claims that alar is never used on citrus products. I have to admit that I was a bit uneasy about the possibility of a positive finding. Public officials of all governments and public agencies are notoriously unreliable, even deceptive in their public pronouncements, and I am sceptical enough to harbor healthy doubts about most such disclaimers.

The results, however, were totally convincing: Alar could not be found, even in the slightest trace amounts in any of the samples. The final interview with the director of the laboratory was quite impressive. He said that they had tested every sample thirty times, and found absolutely no contaminants whatsoever. Following the reporter's insistent questioning, he replied that even if they had tested the fruit samples a hundred times more, he felt certain that no alar or other contamination would show up.

So far, so good. One would think that the case would then be closed, and that those who had voiced such vehement accusations would withdraw their complaints. No such luck. The cheerleaders in the anti-American-fruit-indignation-campaign refused to comment on camera. Those citizens who were presented were still highly suspicious, harboring their doubts to the bitter end. The program ended with the producers of the program stressing a message of caution: Koreans want clean, healthful products in their stores, and one cannot be too careful about the products that those foreign countries might send. [passage omitted]

'Economic Justice' Purpose of Land Reform

SK3009021689 Seoul THE KOREA TIMES in English
30 Sep 89 p 2

[Text] Mun Hui-kap, senior presidential secretary for economic affairs, said yesterday that the government is pushing through its plan for the legislation of state control of land ownership and the use of real names in deposits "to realize economic justice as a major economic reform."

Reaffirming the administration's will to implement the reformative policy from next year, Mun dismissed a claim by some sectors of society that the policy is against the basic principle of the market economic system.

"The right of private property, the basis of capitalism, shall be thoroughly protected even under the reformative policy," he stressed.

The top economic aide to President No Tae-u was attending a panel discussion arranged by the Kwanhun Club, a senior journalists' fraternal society.

He explained that the projected formula aims at "shoring up our capitalistic economic system to a high level by getting rid of sources causing the expansion of distinctions between the rich and the poor."

He diagnosed that the current economic difficulties stemmed from imbalanced development between industries, classes and regions, and the widening gap in earnings.

He also said, "In the course of national democratization, people from each class are intensifying their struggle to increase their shares, aggravating our economic conditions."

"These problems could be covered up by the past authoritarian system, but in the current era of democratic reform, they must be solved reasonably and smoothly. Otherwise, the nation will not be able to develop further because of internal splits and conflicts," he stressed.

He went on, "So, the Sixth Republic government has to make 'balanced development' its ultimate policy goal, striving to correct the evil legacies of the past."

"However, the people's discontent and internal conflicts have never been reduced despite the government's efforts, and this trend is mainly due to the never-ending speculative investment in real estate and the expanding gap between the haves and the have-nots," he noted.

"If we fail to solve these questions fundamentally, we will not be able to maintain even the free market economic system, this pride of ours," he warned.

Ninth Nuclear Power Plant Begins Operation

SK0110013589 Seoul THE KOREA TIMES in English
1 Oct 89 p 8

[Text] Nuclear Unit 2 at the Ulchin Nuclear Power Plant went into full-scale commercial operation yesterday, bringing the number of Korean nuclear units to 9, the Energy-Resources Ministry said.

The unit, having a capacity of 950,000 kilowatts, successfully passed the final performance test on Sept. 24.

It will be able to generate electric power totalling 6.25 billion kwh annually and is expected to effectuate an import substitution for 9 million barrels of oil, a ministry official explained.

With the full-scale operation of unit 2, the portion of nuclear power will grow to 36.3 percent from the present 33.4 percent in nuclear power capacity and to 53 percent from 46.9 percent in total power production in Korea.

The construction of Ulchin Nuclear Unit 2 started in January 1981 and cost a total of 1,059 billion won and 4.95 million workforce.

The construction has been carried out on an island basis under the management of the Korea Electric Power Corporation. The nuclear island (primary system) was undertaken by Framatome of France and the conventional island (secondary system) by Alstome, also of France.

The Unit 2, along with the Ulchin Nuclear Unit 1, which went into commercial operation in September last year,

is the first of its kind in Korea ever undertaken by French companies. It is a pressurized water reactor (PWR) type.

Tong-a Construction Industrial supplied a civil engineering part, Korea Heavy Industries and Construction a power supply equipment part and a number of other Korean companies also participated in the project.

With the active participation of Korean companies, the localization rate in the project was raised to 40 percent.

Sep Trade Account Expected To Be in Red

SK0110022389 Seoul THE KOREA TIMES in English
1 Oct 89 p 8

[Text] The nation's trade is certain to record a red figure for September as it did in August.

According to an interim tally by the Trade-Industry Ministry, exports amounted to \$4,266.8 million as of Sept. 28 since the onset of last month on a customs clearance basis.

The figure showed a 1.4 percent decrease over a year ago.

On the other hand, imports rose 21.7 percent to \$4,444.9 million, thereby bringing the trade account during the period to a \$178.1 million deficit.

The nation's exports have been seriously stagnating since the turn of this year due to the won's appreciation against the U.S. dollar and high wage increases entailed by labor-management conflicts.

Even though the government is belatedly taking steps to boost shipments, the stagnation is expected to continue in the days ahead, indicating a structural problem in the nation's trade policy.

However, shipments are anticipated to make a slight recovery during the remaining period of the year because of a substantial increase in arrivals of export letters of credit.

As of Sept. 28 since the turn of last month, the arrivals of export L/Cs rose 24.9 percent from the figure registered the year before.

The arrivals of exports L/Cs serve as a yardstick to estimate shipment trends two or three months in advance.

In the meantime, the nation's trade account as of Sept. 28 since the onset of this year registered \$520.8 million in the red.

Specifically, exports amounted to \$43,954.8 million, up only 4.2 percent over the year before, and imports soared 19.5 percent to \$44,475.6 million.

It is generally expected that this year's revised export goal of \$68 billion will be hard to realize. The government initially set the export target for the year at \$70 billion.

Many business experts even predicted that the total shipments would plunge to the \$65 billion to \$66 billion level.

6-Month Industrial Forecasts Released

* Overall Growth Rate

41070141 Seoul CHUGAN MAEKYONG in Korean
6 Jul 89 pp 29-33

[Report by Yim Tong-sung, director of Samsung Economic Research Institute]

[Text] Over the past 3 years the ROK economy has enjoyed an unprecedented prosperity thanks to the so-called three lows. But recently the economy has suddenly reversed this trend and has experienced difficulties associated with a transitional period, and business activity is plummeting downward due to a reduction in exports and investment.

The second half-year economic predictions announced by the government some time ago reflects the government's views regarding the current economic condition, and there is a growing interest in where our economy is heading from now on, and how.

Business Downturn Exerting Strong Upward Pressures on Price

In forecasting the future course of the economy, it is necessary to examine the substance and causes of the economic boom over the past 3 years and understand the process of and the reasons for the the current downward shift.

No one would object to the explanation that the 1986-88 boom was triggered by the so-called three lows—the depreciation of the value of the dollar by the Plaza Accord of the major industrialized nations, the lowering of international interest rates, and low crude oil prices. Particularly, the decline in the value of the dollar, with the same effect as devaluation of the won helped to beef up and expand our ability to export and brought about an investment boom, which in turn propped up our increasing exports. The expanding exports and the investment boom not only resulted in a high rate of growth but also turned the international balance of payments into the black—our country experienced a record current account surplus of \$14.3 billion last year.

However, beginning in the 4th quarter of 1987, these favorable conditions began to be reversed. The value of the won began to rise against the background of our international balance of payments surplus. With the current of democratization sweeping the whole country on the heels of the 29 June declaration [of President No Tae-u], labor disputes and high wages began to weigh heavily on business operations and the economy. As a result, our economy entered a period of three highs, namely, high wages, the high won, and high interest rates.

Entering 1989, the effects of the three highs began to be felt on the actual performance of the economy, drawing much attention at home and abroad. But as far as the trend is concerned, export and investment had already entered a downward phase after peaking in 1987.

The rate of economic growth in the 1st quarter of this year was only 5.7 percent, or one-third of the level at the corresponding period last year. But in substance, private sector consumption, which registered a 10.3 percent increase, led the growth of the domestic economy, with exports and business investment increasing at a mere 3.52 percent rate, indicating the unhealthiness of the economic growth.

Meanwhile, the scale of the current account surplus in the January-April period was at only \$1.7 billion, less than half of the level at the same period last year. Particularly, exports increased only 6.7 percent in the January-May period (on a value basis), indicating an acute slump. On the other hand, imports continued to rise at a higher rate of 19.2 percent, turning our trade balance into the red (on a customs-clearance basis).

Amid this downward economic trend and a drastic decrease in the international balance of payment surplus, price has been pressured upward.

If so, what are the causes of this deteriorating economic condition? We will delve into these causes in detail.

First, spreading labor disputes since the 4th quarter of 1987 and the resulting trend toward higher wages are a great burden on business operations and the economy.

Up to last year, businesses were able to absorb wage hikes to a certain extent on the strength of the preceding boom, but beginning this year, they reached their limit in being able to do this.

Contrary to the early expectation that compared with last year, labor disputes would be relatively moderate this year, they have become more violent and lasted longer, causing four times more damage in terms of the value of production interrupted by work stoppages. This has eventually resulted in reduced productivity and a weakening in the competitiveness of our commodities on international markets.

In addition, excessive wage hikes exceeding business' ability to pay and labor productivity increases lead to inflation, which in turn gives a pretext for further wage increases, increasing the possibility of setting a wage-price inflation spiral in motion.

The second cause is the sharp appreciation of the won. The sharp rise in the value of the won beginning last year, together with the wage hikes exceeding productivity, has operated as a factor tending to reduce our export competitiveness.

Last year alone the won appreciated as much as 16 percent while the currencies of Japan, Taiwan, and other competitors depreciated or were at the same levels as before, resulting in a great erosion in our competitive edge.

Beginning this year, the won currency appreciated only 2.6 percent against the dollar, but because the value of the dollar itself has appreciated 10 to 15 percent against the yen and other currencies of industrialized nations, the value of the yen and the currencies of other competitors again has virtually appreciated more than 15 percent.

No Significant Effects From the External Climate

The third cause is the outside climate, which is gradually becoming unfavorable as industrialized nations, European countries in particular, are tightening import restrictions, and trade frictions tend to aggravate while the economies of the United States and other advanced countries are taking a slight downward turn. Nevertheless, these external conditions are not having too great an impact on our economy as yet because while our economy is experiencing difficulties, our neighbor, Japan, as well as Taiwan and other competitors, are enjoying smooth growth mainly on the strength of their expanding exports.

In the final analysis, labor disputes, high wages, and the appreciation of the value of the won proceeded simultaneously, and when they exceeded the acceptable doses, they began to cause a slackening of exports, a slowdown in investment, and a business downturn through the weakening of competitiveness in international markets, while exercising upward pressures on price.

First of all, labor strife will gradually lessen as the number of firms settling wage disputes grows. As a result, interruptions in production caused by labor disputes are expected to lessen drastically. Nevertheless, partial interruptions in production are expected to occur in the second half of the year because in the case of assembly industries with many related branches, a strike in one are will have a chain effect on related businesses. Moreover, because the level of wage hikes agreed upon in the first half of the year or expected to be signed in the future far exceeds the rate of productivity increase, upward pressures on the costs of production are expected to be felt in the second half of the year. The intensity of the effect of these pressures will depend on how far management and labor will proceed with their efforts to recoup the lost production for the duration of the labor disputes.

The question is how labor strife will develop next year. This is an important question because if there are prospects that labor strife will moderate, and the demands of people in all walks of life, such as demands for wage hikes, are restrained to a reasonable level next year, then business firms will be able to go ahead with active investment plans despite their present difficulties.

However, the outlook on labor strife next year is not so optimistic.

This is because current labor strife is not based on economic rationalism but rather strongly resembles a class struggle. However, it is possible that as the economy deteriorates with sluggish business activity and growing unemployment, workers and people in all walks of life will exercise self-restraint in putting up their demands.

On the other hand, the authorities are expected to manage the exchange rate of the won in such a way as not to operate unfavorably regarding our export competitiveness.

Both at home and abroad, the won's appreciation so far has been considered inevitable in view of the international balance of payments surplus. However, given the drastic shrinkage in the scope of the balance of payments surplus, pressure for the appreciation of our currency has lost its logic. Rather, under high wages and inflation, the currency should be depreciated in order to maintain our competitive edge. Nevertheless, the policymakers are bound to be cautious because when we still have a trade surplus, any appreciation of the won will not only have a tenuous justification abroad, but it is also feared that at home the won's appreciation will accelerate the vicious cycle of inflation through high wages and a rise in the prices of imports.

This indicates the limits to securing export competitiveness through the adjustment of the exchange rate of the won. However, in case our exports slacken and our current account surplus is drastically reduced, the depreciation of the won will become inevitable.

Lastly, the external climate is expected to deteriorate somewhat. The U.S. economy, the major market for our exports and the leader of the world economy, is beginning to gradually turn downward slightly, and this trend is expected to continue until next year. The rest of the industrialized nations as a whole, including Japan, are expected to show a similar trend.

However, international interest rates and the costs of raw materials and supplies are expected to remain stable, reflecting the slack in business.

Slack in Export, Investment To Continue

As noted earlier, the outlook on the economy will depend, on the one hand, on how far labor and management will work together to absorb and overcome the factors tending to weaken our economic strength, through improved productivity and rationalization efforts, and on the other, on how much all our citizens will be willing to limit the airing of their demands at a reasonable level.

First, most probably exports will be unable to avoid a slack partly due to wage settlements exceeding the productivity level and partly due to the further deterioration this year of our international competitiveness resulting from the comparative appreciation of the won against the currencies of Japan and other competitors.

As for capital investment, the investment climate for foreign, as well as domestic, firms is not expected to improve easily because of the unclear export outlook, particularly because exporters are not sure that the atmosphere in labor disputes will markedly improve.

The difficulty in raising funds and the high interest rates are factors tending to shrink business investment.

As an exception, investment in rationalization in the auto and other industries, investment in higher added value by the petrochemical and other industries, and investment in construction are expected to be comparatively active.

On the other hand, consumption will be relatively active continuing from the first half of the year and play a leading role in propping up the economy this year.

Nevertheless, it is doubtful whether domestic demand, consumption in particular, will be able to continue to bolster business activity next year.

Several factors are considered to be behind the current tendency toward excessive consumption.

First, as a consequence of the boom over the past 3 years, consumer spending is active. Second, this excessive consumption reflects the workers desire to spend on durable goods. Third, this consumer spending on durable goods has sharply increased because the rising real estate and stock prices in the past several years have had the effect of increasing purchasing power. Last, the anticipation of inflation gives consumers the temptation to convert money into goods.

These factors will weaken with the passage of time, particularly as the business boom recedes. On the other hand, as long as the scope of international balance of payments surplus tends to decrease sharply, the policy of bolstering the economy mainly with domestic consumption will begin to show its limitations.

Even considering the brisk consumption, it is hardly expected that the economic growth rate will exceed 7 percent this year.

Meanwhile, this year the current account surplus is expected to drop to \$7 billion, half the level of last year, because despite a slowdown in exports, imports will continue to increase due to a combination of contributory factors, such as the opening of the market, the weakening of the competitiveness of domestic industries, and excessive consumption.

Meanwhile, employment opportunities are expected to decrease drastically due to the combined effects of the prolonged slackening of the economy, a full-scale introduction of automation, and the transfer of labor-intensive industries overseas; and the unemployment rate is expected to approach 4 percent toward the end of the year. As a natural consequence, the intensified labor strife will give rise to new social problems by lessening

employment opportunities for those wishing to enter the labor market for the first time.

On the other hand, upward pressures on prices will increase as a result of wage hikes and the increasing demands of people in all walks of life, and it will not be easy to curb price increases at a 7-percent level (on a consumer price basis) this year.

As far as the absolute level of business activity is concerned, there are no serious problems in the overall economic condition this year despite the sharp downward trend. Nevertheless, unless there is a turnaround, next year the downward trend will continue and the economy is expected to experience serious difficulties in various aspects, such as pricing, unemployment, and international balance of payments.

Difficult To Curb Inflation at 7 Percent

In order for us to be able to overcome this transitional crisis and draw a blueprint for a bright future for our economy, all citizens should understand the wisdom of a harmonization of the pursuit of their private interests with the goal of developing the overall national economy, by correctly understanding the present state of the economy.

There should be a national consensus to ensure that all labor strife is settled, that the principle of increasing wages within the limits of productivity is observed, and that the demands of people in all walks of life are kept at a reasonable level.

The government should set standards for limiting demands by, for instance, setting wage guidelines and strongly promoting public understanding and cooperation; and the leaders in the private-sector and the press, for their part, should render active cooperation in achieving a public consensus with a view toward developing the national economy.

On the other hand, on the policy level, the government should prudently manipulate exchange rates in order to secure the profitability of exports while hurriedly switching to a policy favoring easy money and low-interest in order to stimulate capital investment.

Employers, realizing that apart from labor-management cooperation there can be no business stability and development, should try to restore a sense of mutual trust between labor and management. They should strive to create a climate which will induce their workers to join with them in efforts to overcome the crisis, with the belief that they, the workers, can achieve their own prosperity through the prosperity of their firms.

In addition, businessmen as the driving force of economic development should live up to the expectations by overcoming transitional difficulties by making creative and innovative efforts in line with their inherent duty.

Only with cooperation and efforts on the part of all our citizens will our country be able to have enough strength

to win in the international competition and brighten the future of our economy once again. [Tables and charts omitted]

*** Slower Machinery Growth**

41070141a Seoul CHUGAN MAEKYONG in Korean
6 Jul 89 pp 33-34

[Article by Yi Chu-ho: "Growth Trend Expected To Take Downturn in Second Half"]

[Text] Activity in the machine industry in the second half-year is expected to slacken, overall.

In the first half-year, despite unfavorable economic conditions at home and abroad, the machine industry showed a sound growth trend on the strength of the steady increase in domestic demand and exports.

However, in the second half-year, activity in the machine industry is expected to show a general downward trend because of the rising value of the won, the rising prices of raw and auxiliary materials, and wage increases, in addition to the direct effects of labor disputes. However, activity in the domestic demand sector is expected to take a somewhat favorable turn as a result of a 10-percent tax deduction on domestically produced machinery authorized by the government as an incentive to promote capital investment.

Nevertheless, in view of the general weakening of investment psychology, to what extent an institutional incentive of this magnitude will perk up activity in the machine industry is an open question.

All these considered, the production and shipment of machinery in the second half-year are expected to increase 20 to 25 percent over the corresponding period of last year.

Machine exports are expected to increase 25 to 30 percent over the corresponding period of last year, provided that the exchange rate of the won against the dollar is maintained at the present level.

Accordingly, machine exports this year is expected to increase somewhere between \$17.5 to \$18.5 billion from the \$14.1 billion, or a 24-32 percent increase.

However, with growing protectionism and the possibility of a further appreciation of the won lying in ambush, it is hard to rule out the possibility that in reality, machine exports will fall short of this expectation.

Domestic Demand To Improve Somewhat, But Not Enough To Induce Investment

The break-even point in the exchange rate for the machine industry is 650 to 660 won for the dollar, and the current exchange rate has fallen below this break-even point. For this reason, our machine industry is required to redouble its efforts to increase its competitiveness more than ever before.

The categories with growth prospects for the second half-year include construction-related machinery, automation machines, paper-making machines. Demand for construction-related machinery is expected to rise sharply, spurred by the full-scale recovery of construction activity beginning in the second half-year. As for automation machines, the business condition in related fields is expected to improve because domestic firms are vying to expand equipment investment designed to improve their productivity.

In case of paper-making machines, demand is expected to record a steady increase on the strength of the liberalization climate for newspapers, magazines, and books.

In addition, the exportation of fork-lift trucks and motorcycles is expected to be active in the form of OEM (original equipment manufacture), and domestic demand for metal molds is expected to rise sharply, spurred by the steady expansion of electronics, automobile, and other related industries.

On the other hand, the areas in which business activity is expected to slow down include machine tool, machine components, bicycles, watches, and shipping machinery and equipment. Of these, machine tools, machine components, and bicycles are expected to receive a great blow from the rising price of raw and auxiliary materials, the appreciation of the won, the dumping offensive by China and other LDDC's [least developed developing countries]. In the case of shipping machinery and equipment, the outlook for business activity is obscure because labor disputes in the shipping industry remain a potentially adverse factor.

* Slowed Auto Production

41070141b Seoul CHUGAN MAEKYONG in Korean
6 Jul 89 pp 34-35

[Article by Hwang Hong-son: "Labor Strife, Appreciated Won Are Worst Factors; Production Falls Behind Brisk Demand"]

[Text] Recently, the auto industry has daily faced the danger of bankruptcy.

"I come to the office with a sense of fear." "I don't know how long I will be able to stay on this job." These are the words uttered by auto industry officials expressing their sense of crisis and are indicative of the difficulties confronting the automobile industry these days.

The crisis, said to be the greatest ever in the 1980's, basically stems from labor disputes and the appreciation of the won.

At the beginning of the year, auto manufacturers set an aggressive production plan for a combined total of 1.5 million automobiles: Hyundai, 760,000; Kia, 370,000; Daewoo, 280,000; Asia 60,000; Ssangyong 30,000. This is a level approximately 40 percent higher than last year.

But today, 5 months later, this plan has gone haywire. The January-May output was 440,000, or only a 5.5 percent increase over the output figure in the corresponding period of 1988.

Judging from this trend, the output this year is likely to reach 1.2 million cars, or only a 9.5 percent increase over the previous year. This output figure is 20 percent short of the goal set at the beginning of the year.

The automobile industry pins its hopes on the second half-year. It expects that production will normalize amid the waning labor disputes, the backlog of unfilled orders, and the surging demand.

In the auto industry, production is directly linked to sales. No sooner is a car produced than it is sold. The problem is that the makers have been unable to produce enough cars.

Demand for automobiles has been on an explosively upward trend, spurred by motorization (popularization of automobiles) which began 2 or 3 years ago. Demand for automobiles has been increasing at a soaring rate of 30 to 40 percent a year. This year alone, domestic automobile demand is estimated at 700,000, much higher than the demand in the previous year, which was 540,000. Car demand is expected to reach 900,000 in 1990 and 1 million in 1991.

Greatest Crisis in 10 Years, Output 20 percent Short of Goal

However, due to lagging production caused by labor disputes, the backlog of orders yet to be filled has reached 180,000. A long backlog is becoming a daily routine. For this reason, the industry is making energetic efforts to maximize production.

While domestic demand is surging, exports are slackening. The January-May exports were only 150,000 automobiles, down 33 percent from the corresponding period of the previous year. Exports for this year are expected to reach 500,000 cars, or a 4 percent below last year's export total of 550,000.

This slack has been due to our weakened competitive position in the United States, the main market for our cars, resulting from the appreciation of the won, and also to the slump in demand for Korean cars resulting from the 1-year delay in new model change.

In fact, signs of slackening auto exports began to appear in August of last year and have been more visible since the beginning of this year. In other word, brakes have been applied to our auto exports which had been growing rapidly. The auto industry is faced with a serious crisis.

However, with new models scheduled to be introduced beginning this coming September, the industry pins its hopes on these new models.

Overall, business activity in the automobile industry in the second half-year is expected to improve as the

backlog of unfilled orders continues to grow due to the surge in domestic demand, and the auto industry is expected to get out of the export doldrums which plagued it in the first half-year period.

However, despite the backlog of unfilled orders, auto makers are giving priority to cash sales in order to ease their tight cash position resulting from the slack in exports, and this trend is expected to continue throughout the second half of the year. For this reason, the sales competition among auto makers is expected to become more fierce than in the first half of the year.

The automobile industry, faced with the greatest crisis in 10 years, earnestly hopes that production will normalize in the second half of the year, and it will be able to bail itself out of this crisis and lay the foundation for making our country the fifth largest automobile manufacturer in the world.

* Increased Electronics Competition

41070141c Seoul CHUGAN MAEKYONG in Korean
6 Jul 89 pp 35-36

[Article by Kim Song-son: "Exports Sliding Downward Due to Higher Value of Yen, Growing Domestic Demand Causing Fierce Competition"]

[Text] Since the early 1980's, the electronics industry had been growing by leaps and bounds up until early this year, when a damper was put on this trend. In the second half of the year, electronics exports, which have served as an engine for the growth of the industry, are expected to remain as slack as in the first half of the year.

There do not appear to be any factors which would lead to an expectation for a new surge of exports. On the contrary, there are so many unfavorable factors.

Nevertheless, the domestic market is very active as demand for some items is certain to double, giving a green light. Firms are making up the slump in exports with domestic sales.

Accordingly, it is expected that activity in the electronics industry will depend on the trends in domestic sales.

The greatest obstacle to electronics exports is the weakening of competitiveness resulting from the appreciation of the won. Up until now, government policy planners have made the mistake of viewing the effects of the appreciated won only in as it affects the number of exports. They overlooked the fact that the appreciation of the won will destroy the profitability of products and operate as a factor in loss of market.

Even electronics products, the foremost export items, are losing their ground. All our main export items—color television sets, VTR's, telephone sets, electronic ranges, and cassettes—have been reduced to red-ink exports, losing their ground in the market.

With the development of color TV's, VTR's, and telephone sets in the 1970's the electronics industry laid the groundwork for a high rate of growth. But, since 1988 the electronics industry has virtually given up its markets to LDDC's because no new products have been developed to sustain exports and because the value of the won has been appreciated. In the second half of the year, the growth rate of export for main items is expected to drop to somewhere below 10 percent. But, if the rate of appreciation of the won is taken into consideration, the exports will not increase in terms of quantity.

Profitability Greatly Deteriorates, Only Semiconductors in Good Shape

Export restrictions, including dumping suits, in major markets are also clouding export prospects. Particularly, in the case of the EC, dumping suits either have already been filed or are threatened to be filed on all items.

TV and VTR exports to EC countries have received a serious blow. In some cases, exports have been withheld for nearly a whole year since dumping suits were filed last July.

The door of the Chinese market, which emerged as the third market, is virtually locked due to the recent turmoil. The East European market, on which great hopes were pinned, is smaller than expected and cannot be a substitute for the markets in the advanced countries. In addition, as a ripple effect of labor disputes, the drop in supply has adversely affected exports.

As a result, it is expected that the growth rate of exports will turn to a minus both in appearance and in substance, and the profitability will markedly deteriorate.

Nevertheless, the export of semiconductors alone is in good shape. In the second half of the year, semiconductors will solidify their position as an item of high added value.

On the other hand, the domestic market has drastically expanded so far this year. In the 1st quarter, the growth rate was 69.6 percent, and in the second half, the growing trend is expected to continue, although the tempo may slow down somewhat. However, there are signs that if the current contracting trend of the economy accelerates, the market may cool rapidly.

Replacement demand for TV's, refrigerators, and acoustic equipment and first-time demand for VTR's and computers are markedly increasing. The process of switching home appliances to larger high-grade varieties is rapidly progressing, and demand for computers for educational use is sharply increasing, bolstering domestic demand-supported business activity.

It is expected that 2 million TV sets, 770,000 VCR's, 760,000 items of acoustic equipment, 132,000 refrigerators, 500,000 electronic ranges, and 1.6 million washing machines are expected to be sold this year.

However, foreign-made electronics products from Japan and other countries have been expanding the scope of penetration into our domestic markets since they launched their offensive. Moreover, makers are concentrating on the domestic market in an effort to compensate for the slackening export markets. As a result, competition in the domestic market is expected to heat up.

* Recovery in Steel Exports

41070141d Seoul CHUGAN MAEKYONG in Korean
6 Jul 89 pp 36-37

[Article by Ho Chun: "Domestic Demand To Increase, Exports To Recover Somewhat, Demand-Supply Gap Foreseen for Some Items"]

[Text] In the second half of the year, exports are expected to show a slight upward trend as Pohang and other steel mills plan to put their main efforts into export, although the basic trends of increasing domestic demand and shrinking export shown in the first half will remain unchanged.

Assisted by government measures to support export industries, such as the lifting of some items from the banned export list, the steel industry will recover somewhat. However, the rising trend of the price of hot coil (an item supplied solely by Pohang Iron and Steel Co.) as well as a steel shortage, is expected to continue.

Efforts Concentrated on Exports To Offset Sluggish Demand

As a matter of fact, in the first half of the year, the inventories on the domestic steel market increased sharply due to continuing unfavorable factors, such as the labor disputes in auto, electronics, shipping, and other industries which consume steel, and in case of cold rolled steel sheet, its stock was 500,000 tons far exceeding the optimum inventory of 200,000 tons.

As a consequence, to compensate for the sluggish domestic demand, Pohang Iron and Steel Co. and Dongbu Steel Co. are actively trying to explore new markets in Southeast Asia and South America.

However, conditions for export are not too bright because in the wake of the turmoil in China, Japanese and other steel exporters to China are avoiding steel shipment to that country, and steel shipments which would normally be bound for China are expected to be diverted to countries which customarily import steel from Korea.

An examination of export prospects for a variety of steel products gives the following picture: the export of sheet metals, steel sheets, and structural steel is expected to drop below the 1988 level, whereas exports will tend to increase somewhat in the case of shaped steel and wire ropes.

The following are prospects for steel exports to different foreign markets:

In the case of the United States, exports to that country are expected to fall below the first half-year level in most of items, except for wire ropes, because of their unfavorable unit export costs.

In the case of Japan, demand for steel is high because of the sustained growth of the manufacturing sector. But Japanese blast furnace steel makers are inducing Japanese steel makers to increase hot coil exports to South Korea but reduce imports of steel pipes and other high value added items from Korea. In reality, this makes it difficult to export Korean steel to Japan.

In the EC area, steel demand in the construction and auto industries is continuing to surge, and the increasing trend in demand for steel pipes has become conspicuous, raising hopes for exports in this area.

Recently, domestic demand has become increasingly important in sustaining activity in the steel industry.

In the case of the construction industry, a shortage of reinforced steel and shaped steel began to be felt in the first half of the year due to the increased government support for investment designed to insure a balanced development between different regions, and due to the large-scale apartment construction plan in the Ilsan-Pundang area.

In the manufacturing sector, the automobile output in the automobile industry is expected to increased about 25 percent to 1.38 million cars, spurred by activity invigorated by the completion of the rationalization plan at the end of June.

In the final analysis, inasmuch as business activity in the domestic steel industry is directly linked to the industries using steel, demand for steel will naturally rise sharply as related industries, such as automobile, electronics, and machine industries, thrive.

Unlike in the first half of the year, the steel industry will concentrate on exports rather than on domestic demand, and steel exports except for hot coil are expected to rise sharply in the second half.

* Petrochemical Boom Peaks

41070141e Seoul CHUGAN MAEKYONG in Korean
6 Jul 89 p 37

[Article by Cho Hyon-chae: "Domestic Demand Sluggish, Export Prospects Unclear, Boom Likely To Peak Out at Year-End"]

[Text] The overall business condition surrounding petrochemicals in the second half of the year is expected to fall below the original expectations due to a general slowdown in the rate of economic growth.

Industrial sources predict that the growth rate of petrochemical production will stay at 8-9 percent, lower than the original estimate of 11 percent.

This lower projection is due to the slowdown in domestic demand and murky prospects for export activity.

Particularly, while the price of ethylene and other primary petrochemical elements is rising, the international price level of intermediary materials is continuing to fall, raising fears that their profitability will deteriorate toward the end of the year.

In the past, synthetic resin products and other items were in short supply, but beginning in the second half of the year, the shortage is expected to turn into a state of overproduction, not merely stopping at easing the strain on supply as new plants producing these items are successively commissioned.

As a consequence, price competition is anticipated on other items also in the same way as there was the dumping of products on the polystyrene (PS) market in the first half of the year.

Petrochemical firms will strive to export the surplus in the domestic market, but the export is not expected to go smoothly in view of the current unrest in China, the main market.

The Chinese market is similarly deteriorating for Japan, Taiwan, and other competitors, and it is feared that when products whose outlet to Southeast Asia has been blocked begin to pour into other markets, it will even precipitate a worldwide fall of prices.

The slowdown in domestic demand for petrochemicals is due to the slump in production in the related industries caused by the weakened competitiveness of processed products resulting from the labor strife and the appreciation of the won.

Among various petrochemical products, synthetic resin, the backbone of the petrochemical industry, is expected to register a growth rate of about 10 percent in domestic demand, whereas demand for raw materials and supplies used in exportable products is expected to fall about 20 percent.

Factory Operating Rate Falling, All-Out Efforts Being Made To Secure Demand

As for the supply side, when high-density polyethylene factories are put in operation by the Petroleum Corporation and Daelim Industrial Company as planned, it will remove the shortage in supply and the makers of five major synthetic resin products for general use will go into fierce competition.

In case of synthetic rubber, domestic demand is expected to drop sharply continuing from the first half of the year, wiping out the net growth completely.

On the other hand, in the case of synthetic raw materials which still heavily depends on imports for supply, their output is expected to register a high growth rate of 15 percent or so with the full operation of the newly built or

expanded production for TPA [triphenylamine], caprolactam, and other related plants at home.

Meanwhile, with the successive completion of new plant construction or expansion projects, mainly for synthetic resin products, the operating rate of existing plants is expected to drop to an 80 percent level from the current rate of nearly 100 percent.

Particularly, the falling trend of the prices of major petrochemical materials and products is expected to operate as a factor depressing the profitability of the petrochemical industry, spelling a turning point in the boom over the past several year.

SM [single mode fiber], PVC [polyvinyl chloride], and PE [polyethylene] prices, which stood at the \$1,200-1,300 level late last year, have all dropped to a \$800-1,000 level, and this has the effect of making the domestic prices which were previously lower than the international market prices relatively cheaper still, and hence making competition among domestic producers that much more difficult.

For this reason, price friction is expected to be frequent between domestic raw materials procurement firms and supply firms over the question of price adjustment based on the international market price.

The prevailing view is that the petrochemical industry, commonly known as "the goose that lays the golden eggs," is expected to come to the end of its golden age after peaking late this year.

*** Textiles Face Export Difficulty**

41070141f Seoul CHUGAN MAEKYONG in Korean
6 Jul 89 p 38

[Article by Yi Chung-kon: "Export Profitability Worsening, Hardship for Sewn Garment Sector"]

[Text] Although the textile industry is trying to find the way out of the present predicament through domestic demand, the overall given condition portends difficulty for textile industry.

This is because export profitability is worsening with each passing day. Exports may rise slightly in terms of quantity, but red-ink exports seem inevitable.

Particularly, it is certain that the difficulty in the sewing and garment sector will be even more aggravated.

Slight Improvement Anticipated Due to Unrest in China

As of the end of April, the total export value of textiles was \$534.65 million, a mere 1.1 percent increase over the corresponding period of 1988.

In the second half of the year, a similar trend toward a narrow-range of increase is expected to continue.

The cotton spinning business is virtually eliminated from the boom conditions which had continued until late last year.

The price of raw cotton continues to rise in the United States, a major raw cotton supplier. The price, which stayed at the 50-cent level per pound as of the end of the last year, has now soared to the 68-cent level. As a consequence, the ratio of the cost of the raw materials to the manufacturing cost is continuing to increase.

On the contrary, export prices are falling gradually rather than increasing.

Textile firms are stepping up sales campaigns while trying to increase the proportion of processed fabrics to the total output, but a widespread slump is anticipated.

This is borne out by the fact that textile orders from the United States have dropped 30 percent below the level in the previous year. Chemical fiber firms are gradually experiencing operational difficulties. Their operation is further constrained due to the scarcity of raw materials such as TPA and EG [ethylene glycol], coupled with a sharp increase in their prices.

In the case of TPA, which is now on the eve of domestic production, our importers are under pressure from the American supplier, (Amoco), to adjust import quantities. In the case of EG also, the import price far exceeds the international market price.

In addition, the 30 percent or so increase in wages in real terms is also a burden for the firms.

Chemical fiber firms plan to increase orders by expanding into engineering plastics, and lamp oil while maintaining the current ratio of fiber to the total production.

The problem is that the key to business operation in the second half of the year is how well firms will be able to cope with the difficulty in obtaining raw materials and supplies and countering the rising price trends.

The sewing and garment industry is experiencing greater difficulties in operation than any other sector in the textile industry. The difficulty is expected to get worse in the second half of the year.

Due to the appreciation of the won and wage increases, many firms are at a crossroads of whether they will be able to continue operating or have to cease to operate.

Buyers are moving into Southeast Asia, where prices are lower, and their export profitability is steadily deteriorating.

The fabric industry appeared to have a breathing time when it was designated as an industry requiring rationalization, but because of the continuing operational difficulties, it seems very difficult for this industry to regain its competitiveness.

Recently, business in the textile-related industries has seemed to pick up somewhat in the wake of the turmoil in China.

Large foreign buyers who used to flock to China seeking low prices are now converging on our country, and in case shipments of Chinese products to Southeast Asia are halted, good times are expected for our textile makers. In addition, the special textile demand in Iran in the post-Khomeyni period is also a variable in recovery of business activity.

* Marine Transportation Sector

41070141g Seoul CHUGAN MAEKYONG in Korean
6 Jul 89 p 39

[Article by Yun Yong-kol: "Out of 7-Year Depression, Slight Contraction Expected for Second Half"]

[Text] The prospect for the business climate of the shipping industry in the second half of the year is not so bright.

Because personal consumption and capital investment are expected to slow down as a result of tight money and rising interest rates in the major industrialized nations, the growth trend of the world economy will slacken somewhat. Accordingly, the forecast for the world's shipping industry which depends on the scale of world trade calls for "mostly cloudy skies, with occasional showers," that is, a prospect for a weakening in activity."

Sharp Rise in Demand, Drastic Increase in Freight Rates

Our shipping industry, which has barely gotten out of the long 7-year tunnel of depression, is uneasy because of the impending dark clouds.

According to expert opinions, however, the scope and intensity of recession will not be severe. The prevailing view is that signs indicate that the extent of recession will be limited to reducing the profit margin of shipping business and entail no full-fledged recession, and that the second half will be a period of readjustment to the sharp rise in the first half of the year.

In 1988 the world shipping industry baled itself out of a long depression thanks to a 6 percent increase in shipping tonnage over the level in the preceding year, and the industry is now on a path to vigorous recovery. Last year in particular, capital investment and domestic demand in Japan, the United States, and other major industrialized countries were generally buoyant, and these countries scored a 3.6 percent growth rate, higher than the original estimate. As a consequence, the international freight rates index rose 28.6 percent above the 1987 level. This trend continued into the first half of this year, resulting in a 10.8 percent increase in freight rates. Overall the world shipping industry is on an upward trend.

According to experts, the business climate in the shipping industry is better than last year, but is expected to recede somewhat.

In the case of marine transportation business in our country, since the beginning of the year, the tonnage of marine transportation has remained stationary, except for some import items, due to labor disputes and the general slowdown of the economy. But in the second half, it is expected that the shipping business on the whole will continue to show a bearish trend, except for ships serving regular lines, which will rebound beginning in October on the strength of a year-end boom in the economy.

Experts point out that even in the field of regular lines, where freight rates remain stable, large container-ships had been introduced one after another on each line, and as a result, beginning last year the falling trend in freight rates resulting from surplus ships began to be noticeable. They have warned that even if this trend is temporarily abated by a year-end special boom, shipping rates would remain bearish for the next 2 to 3 years as long as the structural weakness of surplus ships remains.

In the case of North American sea lines, the total freight tonnage is expected to increase 6.6 percent over the 1988 level due to import liberalization pressures from the United States, but the recovery of higher freight rates will be limited by a more than 20 percent surplus of ships.

As for European lines, darker prospects are forecast than for North American lines because of the surplus of ships, which this year alone has increased by 18 percent, despite the projected 11 percent increase in the shipping tonnage.

On the other hand, in the case of Southeast Asian routes, despite the decrease in the tonnage of China-bound container shipping, freight rates are expected to remain firm with no chance of decrease, because of the increasing volume of trade with newly industrializing countries (NICs) and freight rate agreements signed with them. On ROK-Japan routes also, balance will be maintained, with a projected 7 to 8 percent increase in the tonnage of ships as well as in freight tonnage.

*** Low Shipbuilding Profits**

41070141h Seoul CHUGAN MAEKYONG in Korean
6 Jul 89 p 40

[Article by Chun: "Profitability Deteriorates Despite Greatest Boom in 10 Years; Readjustment After Sharp Rise in First Half of Year"]

[Text] The world's shipbuilding industry is said to be enjoying the greatest boom in 10 years.

Yet our shipyards are having difficulty due to the three highs and the deteriorating profitability position.

The business climate in the shipbuilding industry in the second half of the year is expected to be as good as in the first half as far as the market is concerned.

Accordingly, orders for new ships in the second half of the year are expected to increase slightly above the level in the first half in terms of tonnage as ship prices rise steadily, and large orders from ship owners are also expected.

Readjustment Expected Following Sharp Rise in First Half Year

Our shipbuilders have already secured enough orders to last through the middle of next year, when the building pace in 1988 used as the basis of the projection. Accordingly, it seems that there will be no dumping to vie for orders, nor below-cost competition for orders.

However, as a result of the complaints filed with the United States Trade Representative (USTR) by the Shipbuilders Council of America (SCA) against the ROK and three other countries in a surprise move under super 301 of the trade bill, it is difficult to forecast the business climate for our shipbuilding industry.

The shipbuilding climate is directly linked to the condition of the world's marine transportation business, which has been showing a gradual recovery trend since last year; and the world's demand for new ships as projected by maritime research organizations in various countries is expected to enter a boom period beginning in the second half of this year after hitting a low point in 1987 and 1989. So, our shipbuilding firms are pinning their hopes on this expected upturn.

Particularly, with ship prices getting higher, the bright prospect is expected to give our shipbuilders a breathing spell after all the difficulty they have gone through.

In the first half of the year, the contract prices for new ships registered a 30-40 percent increase over the 1987 level, and ship prices are on an upward trend as shipbuilders in Japan and other major shipbuilding countries become more selective in receiving orders because they have secured enough orders to last through next year.

In case of very large crude carriers (VLCC's), the price was \$73 million as of the end of 1988, up 35 percent from 1987 and twice the 1985 level, the lowest. It is expected that the price will further increase in the second half of this year, offering sure bullish prospects for the shipbuilding business in the second half of the year.

Meanwhile, our domestic ship repair business is active.

The reason is that ship owners give preference to used ships because of the sharply rising prices of new ships and the lack of ability on the part of major shipbuilding countries to meet the need for new ships on a timely basis, despite the steadily growing demand for shipping spurred by the increasing volume of world trade. In addition, demand for ship repairs is increasing rapidly

due to frequent sea accidents caused by the increasing operation of antiquated ships.

As of the end of 1988, of the world's total tonnage in service, ships over 10 years old accounted for 65 percent, indicating a high rate of obsolescence, and this aging scale in tonnage offers a fair prospect for increasing demand for new ships in the 1990's.

The world's tonnage of newly built ships as projected by the Japanese Ministry of Transportation and other organizations is expected to stay at a low level of slightly over 10 million tons through this year continuing from last year, before moving into a recovery period beginning in 1992, when it will exceed 15 million tons. The prevailing view is that beginning in 1996, shipbuilding will enter a boom period with the total tonnage exceeding 20 million tons. Accordingly, considering the fact that it takes about 1 to 2 years to build a ship, orders for new ships are expected to increase beginning in the second half of the year.

* Food Industry Prospects

41070141i Seoul CHUGAN MAEKYONGin Korean
6 Jul 89 p 42

[Article by Kang Pan-ku: "Mixed Business Climate, With Rising Prices, Liberalization Operating as Unfavorable Factors"]

[Text] The business climate of the food industry in the first half of the year was mixed.

Beverages, ice cream, and other similar businesses which have benefitted from the unusually mild winter have recorded a high rate of growth.

On the other hand, dairy product and meat processing businesses, which were regarded as promising fields, have been unable to avoid a slump.

The consumption of milk and other processed dairy products has continued to slide since they fell into a minus growth rate last March.

Meanwhile, flour milling, sugar refining, starch, and seasoning are all troubled by the pressure of rising costs caused by the price shock in the international grain market. The growth rate of ramen output also peaked at 11.6 percent as of the end of May.

Competition for Real Benefit, Lull in Scramble for Market

According to market analysts, due to the price instability which continued into this year, the purchasing power of the consumers for foodstuffs has been depressed accordingly.

The prevailing view among the business circles is that there are no signs indicating that this trend will make a turn for the better.

Rather, chances are high that the trend will get worse due to the rise in international grain prices and due to the liberalization of imports.

This is corroborated by the prospect that the average growth rate of food supply will top at 10 to 15 percent, slightly higher than the natural growth rate.

According to experts, it will be beyond the ability of the industry to absorb the increasing burden of the higher cost with growth in the second half. The rising cost is due to the increased prices on various raw materials and supplies on the heels of the 15 to 20 percent wage increase in the first half of the year.

The international market prices for wheat, raw sugar, soybean, and corn, which rose sharply beginning last year, have begun to have a full impact on the domestic market.

Flour mill companies raised flour prices twice in the first half of the year, yet they claim that the selling price still falls short of the cost.

Naturally, the cost burden on ramen producers and bakeries has increased markedly. Yet, due to the virtual freeze on the prices for ramen and bakery products under monopoly control acts, it is difficult to make profits on these items.

In the case of sugar also, due to the recent continuing raw sugar price hikes in the international market, it is thought inevitable that bakery prices will be raised in the second half of the year.

Edible oil and starch producers are simultaneously experiencing a similar trouble, and the rising cost is becoming the greatest problem in the second half of the year.

In addition, imported foodstuffs which are pouring in are becoming no small threat to our food producers.

Among processed meat products, imports already account for 35 percent of the canned pork market. If sausage imports are additionally liberalized beginning next year, it will threaten the very survival of the domestic firms.

With the deterioration of the market climate, food producers are visibly changing their operational strategy with priority on practical benefits rather than engaging in cut-throat competition.

Investment in beverages is being increased to reduce overhead, and the scramble for larger market shares has slowed.

On the other hand, in the case of alcoholic beverages, the consumption of beer, whiskey, and other high-quality drinks is sharply increasing, whereas that of soju [hard liquor] and wine is stagnant.

In the first half of the year alone, the consumption of special grade whiskey increased 60 percent whereas that of beer registered only a 20 percent increase.

This indicates that the polarization in the consumption of alcoholic drinks is growing.

The liquor business is in for big trouble with the full liberalization of whiskey imports begins in July, and when American popular brands which have been seeking entry into our domestic market pour in, a reorganization of the market will become inevitable.

* Footwear Exports Improve

41070141j Seoul CHUGAN MAEKYONG in Korean
6 Jul 89 p 43

[Article by Yim Chol: "Continuing Danger Signal, Avalanche of Bankruptcy, But Exports Improving Since May"]

[Text] "As things stand now, it is impossible to predict the trends among the buyers." This is the comment made by the Korea Footwear Exporters Association about the murky business prospects for the second half of the year.

Among the trends in major business factors influencing footwear exports for the second half of the year, there are no changes which would indicate a definite forecast for a favorable business climate for the second half of the year.

In the first half of the year, the shoe industry seemed to earn the dubious honor of being a "sinking industry." As stocks piled up in the American market, less and less buyers visited this country. The appreciation of the won made it difficult to break even, and to add insult to injury, the prices went down as a result of falling exports. This forced some firms to reduce their production lines and some small and medium producers to go into bankruptcy.

Automation, Switch to High-Grade Brands Holds the Key

The rate of growth in exports in the 1st quarter of the year was minus 15.5 percent compared with the corresponding period in the previous year. According to a calculation by the Ministry of Trade and Industry, the growth rate in the first 4 months of the year was minus 15.9 percent, a danger signal for the footwear industry.

However, things began to improve beginning in May. With the inventories decreasing in the U.S. market, the export curve began to turn upward. Large buyers, such as Reebok, Nike, LA Gear, and Converse, on which the export of Korean footwear depends, began to visit Korea once again, and in addition, buyers are placing more orders to secure a supply of high-grade footwear for the new school year.

The curves of various figures underlying export prospects, such as the frequency of visits by buyers and the pace of arrival of letters of credit, have begun to turn upward. Shoe exports in the second half of the year will depend on how far these curves will keep on rising.

"Last year, the first half marked a bullish period, followed by a precipitate cooling in the second half. This year it will be just the opposite. Overall, things are expected to improve in the second half compared with

the first half. But it is still hard to forecast the extent of the improvement," an industry source said.

Footwear Exporters Association sources predict that there will be a sharp contrast among firms. The prevailing view among them, however, is that if the current upward curves continue, the total footwear exports this year will settle on a level slightly higher than last year's level of \$3.8 billion.

To put it in another way, it has already become impossible to achieve the footwear export goal of \$4.2 billion set forth by the Ministry of Trade and Industry for this year.

Situation in China Gives No Marked Advantage

This prospect for the second half of the year is also based on the fact that although the unrest in China gives some producers a few favorable conditions such as the returning of buyers to Korea, its ripple effects on the footwear industry as a whole have been negligible so far. It is a well known fact that the unrest in China has made buyers in the United States and Europe uneasy about the prospect for securing an adequate supply on time. However, the Korean footwear industry is not expected to benefit much from the situation in China because of marked differences between Chinese and Korean products in terms of quality and price.

When the won began to appreciate, Korean footwear producers began to direct their concerns to high-grade products, such as leather shoes. On the contrary, the main line of Chinese products was nonleather shoes such as rubber shoes. Accordingly, firms such as Samhwa, Dae-Yang Rubber, and Chinyang, which turn out large quantities of rubber shoes may benefit somewhat, but as far as firms specializing in leather shoes are concerned, they have nothing to gain from the situation in China. The trouble is they cannot newly install or expand a new line of production for cheaper shoes.

In view of these factors, our footwear industry has no alternative but to find countermeasures in the automation of production and a switch to high-grade products. Another key point is to lower its dependence on the U.S. market. If exports to the EC and Japan increase, the footwear industry will be able to see a ray of hope once again in the second half of the year.

Police Prepare for Possible Attacks on Pope

SK0310061289 Seoul YONHAP in English 0554 GMT
3 Oct 89

[Text] Seoul, Oct. 3 (YONHAP)—Police across the nation have tightened security in preparation for the

arrival on Oct. 7 of Pope John Paul II to officiate at the 44th International Eucharistic Congress.

Airports and ports were also placed on special alert to prevent terrorists from entering South Korea, according to the National Police Headquarters Tuesday.

Police are particularly worried that members of the Gray Wolves, the ultra-rightist Turkish group known for its repeated attempts on the pope since the early 1980s, may try to sneak into the country.

Interpol has a list of 100 members of the Gray Wolves, who Korean police fear may disguise themselves as priests or policemen in a bid to assassinate the pope.

Turks and foreign "fanatics" staying in the country will be subject to security checks until the Eucharistic Congress closes Oct. 8. Police have a list of 51 Turks who entered Korea recently but it is not known how many people they have singled out as fanatics.

The Gray Wolves, who have labeled the pontiff an enemy of mankind, are credited with 22 attempts on the pope's life since May 1981, when Ali Agza shot the pontiff in Rome.

Brunei, Malaysia & Singapore**Malaysia****Singapore Envoy Denies U.S. Military Cooperation**

*BK0310134389 Kuala Lumpur RTM Television
Network 1 in Malay 1200 GMT 3 Oct 89*

[Text] Singapore will not enhance military cooperation with the United States, as previously stated by several parties. That country will not allow the United States to deploy its military facilities in the republic. Mr S.R. Nathan, Singapore's high commissioner to Malaysia, said this during a call on Defense Minister Tengku Ahmad Rithauddeen.

During the meeting, Mr S.R. Nathan also denied a report from Washington that Singapore is ready to enhance military cooperation with the United States. The report from the United States also said Singapore would offer military facilities in the former New Zealand military bases.

Minister Discusses Burma, SRV Flight Agreements

*BK0310093389 Kuala Lumpur BERNAMA in English
0351 GMT 3 Oct 89*

[Text] Kuala Lumpur, Oct 3 (OANA-BERNAMA)—Malaysia and Myanmar have agreed in principle to start airline-to-airline joint operations to enhance closer ties between the two countries.

Malaysia Airlines (MAS) and Myanmar Airways officials will discuss the details of the joint operations here Tuesday [3 October]. Transport Minister Dr Ling Liong Sik told newsmen after meeting his Myanmar counterpart, Maj Gen Tin Tun, here Monday. He said the discussions will be a follow-up to a meeting between him and his Myanmar counterpart when he visited that country a few months ago.

MAS had signed an air services agreement with Myanmar and was accorded landing rights in Rangoon in 1986 but did not begin flights because of the unrest in Myanmar.

The discussions would pave way for more cooperation in other fields of aviation and transportation for mutual economic benefits, he added.

Dr Ling said the establishment of air links would provide easy access to both countries and could lead to meaningful cooperation in other areas such as fishing, timber, mining, and shipping.

On MAS flights to Ho Chi Minh City (formerly Saigon), Dr Ling said MAS would be making a twice weekly flight initially and the first is expected to start before the year end.

MAS Managing Director Abdul Aziz Abdul Rahman said MAS was prepared to fly daily to Ho Chi Minh City if there was a demand.

Singapore**U.S. Military Offer 'Surprise' to Government**

*BK0310104689 Singapore THE STRAITS TIMES
in English 2 Oct 89 p 1*

[Text] The Ministry of Foreign Affairs has expressed surprise at a report from Washington saying that President George Bush's administration had offered to step up its military cooperation with Singapore.

The AP report in THE SUNDAY TIMES quoted a high-level Pentagon official as saying that Washington had informed Singapore authorities that the United States was prepared to send a small number of fighter aircraft to the republic on a temporary basis.

"Singapore would make available facilities on a military base that is being vacated by New Zealand," the Pentagon official said in an interview last week.

The U.S. would use the facilities to position aircraft there, make ship calls and do some repair work, said the official, who spoke on condition of anonymity.

The Foreign Affairs Ministry spokesman said in a statement yesterday that the report was a surprise as Singapore authorities had not been informed of the U.S. decision following the visit of a U.S. site survey team in June.

On Aug 4, Singapore's Minister of State for Finance and Foreign Affairs, Brigadier-General (Res) George Yeo, announced that Singapore was prepared to host some U.S. military facilities.

His statement came after a military survey team visited Singapore and submitted a report to the U.S. Joint Chiefs of Staff and other agencies on the feasibility of increased military cooperation.

The U.S. vice-president, Mr Dan Quayle, said last Thursday [28 September] during his visit to Kuala Lumpur that the U.S. had no desire to set up new military facilities similar to its bases in the Philippines in Singapore or in any part of the region.

Meanwhile, the 2nd defence minister (services), Brigadier-General [BG] Lee Hsien Loong, also voiced his surprise at the ASSOCIATED PRESS report in THE SUNDAY TIMES.

Asked about the U.S. action, BG Lee, who was a guest at the PAP [People's Action Party] Community Foundation (City South) Sports and Recreation Day held at Bendemeer Primary School yesterday, said: "I do not know whether it was an authorised statement because we have not been briefed."

Cambodia

Ney Pena-Led Party Delegation Leaves for GDR

BK0310092189 Phnom Penh Domestic Service
in Cambodian 0430 GMT 3 Oct 89

[Text] At 0800 on 3 October, a high-ranking delegation of the State of Cambodia led by Comrade Ney Pena, member of the party Central Committee Political Bureau and chairman of the Central Committee's Propaganda and Education Commission, left Phnom Penh to attend the GDR's 40th national day celebration.

Among those seeing the delegation off at Pochentong airport were Comrade Nguon Nhel, member of the party Central Committee Political Bureau and secretary of the Phnom Penh City party committee; Comrade General Sin Song, alternate member of the party Central Committee Political Bureau and interior minister; and many leading cadres from various central establishments. Comrade Rolf Dach, ambassador extraordinary and plenipotentiary of the GDR to Cambodia, was also present to see the delegation off.

Commander Accuses Thailand of Aiding Resistance

OW0310100489 Tokyo KYODO in English 0940 GMT
3 Oct 89

[Text] Battambang, Cambodia, Oct. 3 KYODO—Some 3,000 resistance soldiers have been killed in battles with Cambodian Government troops during the first nine months of the year, a top Cambodian military commander said Tuesday. The local vice commander told foreign reporters here that 107 Khmer Rouge rebels loyal to Pol Pot, who ruled Kampuchea from 1975 to early 1979, were killed in clashes with government troops in Pailin on September 16.

Skirmishes with Khmer Rouge units have increased in number as Vietnamese troops were departing the country, he added.

In a separate interview with foreign correspondents, another local divisional commander accused Thailand of supporting antigovernment forces which have mounted recent offensives in the provinces.

Minister Interviewed on Military Situation

AU0210104989 Prague RUDE PRAVO in Czech
30 Sep 89 p 6

[Interview with Cambodian Defense Minister General Tie Banh by RUDE PRAVO special correspondent Jiri Roskot: "We Have Combat Experience"; in Phnom Penh—date not given]

[Text] Phnom Penh (Our special correspondent)— Now that the complete withdrawal of the Vietnamese units from Cambodia has concluded, our special correspondent interviewed General Tie Banh, minister of national

defense of the State of Cambodia, member of the Politburo of the Central Committee of the People's Revolutionary Party of Kampuchea, and deputy chairman of the State Council, who is also the head of the Commission for Economic Cooperation With Thailand.

[Roskot] What is the military situation on the border with Thailand at present?

[Tie Banh] So far, the same as before—half war, half peace. Always when the dry period begins, our adversary concentrates his forces and attacks some points. Then he withdraws into the forests. This still does not mean that he is militarily strong. There is a lot of talk about the town of Pailin near the Thai border (precious stones are mined there—editor). It is in our hands. Only its periphery was attacked. Until now the Pol Potists have not permanently occupied any territory or settlement. However, there are signs that with the withdrawal of the Vietnamese units, the adversary plans a greater offensive. In 10 years we have acquired enough combat experience.

[Roskot] Did Premier Hun Sen's talks in Bangkok touch upon the military aspects?

[Tie Banh] Thailand is against the so-called Khmer Rouge's return to power, for a cease-fire in Cambodia, for an international control mechanism on the absence of Vietnamese troops, it is—like we are—in favor of further talks between Hun Sen and Sihanouk. With Chatchai assuming the post of prime minister, the share of the Thai Army in supporting the attacks by the Cambodian opposition has become radically reduced.

[Roskot] What do you see as the reason for this?

[Tie Banh] Thailand is changing its attitude toward Cambodia and Laos. It is shifting from confrontation to cooperation. It wants to concentrate on relations with its neighbors in the region. Thai tourists and businessmen are arriving in Cambodia. In addition, the resumption of the Bangkok-Phnom Penh air link is being prepared. The foreign military support for the Cambodian opposition has already begun to cause problems for Thailand. The population has moved from the border areas. If the adversaries continue to attack we will respond—also to artillery attacks, and we cannot bear the responsibility for the consequences. The origin of conflicts lies on Thai territory.

[Roskot] How will Thailand cope with possible Chinese or U.S. pressure?

[Tie Banh] Some Chinese and U.S. pressure—they both militarily support the Cambodian opposition—can certainly be expected. This is a dilemma for Thai policy, but for reasons which I have already mentioned, Bangkok is developing counterpressure. It is creating for itself the room to assert its interests. Should the military assistance to the opposition continue, the State of Cambodia, too, will have to seek help.

[Roskot] I thank you for the interview.

Phnom Penh Troops Said Entrenched Around Pailin*BK0310142289 Hong Kong AFP in English 1350 GMT 3 Oct 89*

[By Jean-Claude Chapon]

[Text] Pailin, Cambodia, Oct 3 (AFP)—Phnom Penh troops are dug in around this gem-mining center near the Thai border, and government officers say the guns fell largely silent here more than a week ago after bitter fighting. Signs of the struggle that both Phnom Penh and Khmer Rouge officials said was waged around Pailin however were scarcely visible, an AGENCE FRANCE-PRESSE correspondent on the scene confirmed.

The area appeared calm over the weekend, though it was reportedly the target of heavy artillery fire late last month as Vietnam pulled out what it said were its last troops left in Cambodia between September 21 and 27 after a nearly 11-year occupation. Officials of the Cambodian resistance and their Chinese and Thai sponsors have rejected the announced pullout and said Hanoi left thousands of its soldiers behind disguised as Cambodian peasants and militia.

The only sound of battle here Sunday and Monday [1-2 October] was the occasional thump of artillery fire echoing in the mountains around this mining region where the Khmer Rouge claimed to have established a foothold.

(Thai officials in a telephone interview from Bangkok acknowledged Monday that the Khmer Rouge offensive against Pailin which began nearly a week ago had stalled.)

Lieutenant Colonel Oum Chay, the 39-year-old commander of the 95th Division based here, a short hike from the Thai border and some 320 kilometers (200 miles) from Phnom Penh, disputed the Khmer Rouge claim to be in the area to stay. "We are holding the key parts of the area and the Khmer Rouge cannot hold on for long to the positions they have taken, notably in the mountains along the border with Thailand," he said.

The Khmer Rouge, who are blamed for killing hundreds of thousands during their near-four-year fanatical Marxist rule in Cambodia, are the main military muscle in an alliance which includes the non-communist followers of Cambodia's former monarch Prince Norodom Sihanouk and former prime minister Son Sann. They are fighting to overthrow the government installed by Hanoi when Vietnam invaded in late 1978 to oust the Khmer Rouge.

The 6,000 officers and men of the veteran 95th and 196th Divisions, backed up with heavy artillery and armor, have the task of defending this border town against the latest rebel push, staff officers here said. Lt. Col. Chay said the stiffest fighting, punctuated by heavy artillery bombardments, took place between September 13 and 23 as the Vietnamese troops were pulling out. But signs of the artillery fire are hardly visible.

The decay creeping up on the two score buildings making up the town, abandoned years ago by its inhabitants, strikes the visitor more than the damage wrought by the mortar and artillery rounds of the resistance. The sole obvious effect of shellfire is on a three-story building across the street from the high command headquarters of the 95th Division, which took a direct hit from a heavy artillery piece in the surrounding hills.

Over the weekend, two wounded soldiers were waiting at the clinic here to be evacuated to Battambang, about 80 kilometers (50 miles) northeast of here. One of them had had his left leg amputated at the knee after stepping on a land mine.

Hospital officials in Battambang, headquarters for the 5th Military Region, said Saturday they had received six wounded from Pailin since September 16. Lt. Col. Chay said none of his soldiers was killed during the Khmer Rouge offensive, which he said received Thai artillery support.

Chea Dara, deputy commander of the 5th Military Region, said the Khmer Rouge were capable of fielding some 1,800 fighters in the region from their bases in eastern Thailand. "They are still holding a few mountains along the border and they recently received Chinese-made artillery," he said.

Chea Dara identified the local Khmer Rouge unit as the 415th Division, which he said was "operating under the control of a joint command made up of Pol Pot, Nuon Chea, Khieu Samphan, Ta Mok and Son Sen," all longtime leaders of the Khmer Rouge movement. He estimated at 10,000 the number of troops deployed by the three resistance movements in Battambang Province and Pursat Province further to the east.

(In related developments, fighting broke out Tuesday between Khmer Rouge guerrillas and Phnom Penh troops near the Thai border town of Aranyaprathet, some 100 kilometers (60 miles) north of here, Thai officials said.

(Also Tuesday, a Thai Foreign Ministry spokesman said in Bangkok that Thai troops had captured five Vietnamese soldiers wearing Phnom Penh Government uniforms.)

Svay Rieng Introduces New Province Battalions*BK0110102289 Phnom Penh Domestic Service in Cambodian 1200 GMT 29 Sep 89*

[Text] A ceremony was recently held at the people's committee office in Svay Rieng provincial town under the chairmanship of Comrade Heng Samkai, party Central Committee member and secretary of Svay Rieng Province's party committee, to officially introduce two new, provincial battalions.

Present at the meeting were all of the members of the provincial party committee and of the people's committee, as well as secretaries of the provisional district

party committees and their deputies. Moreover, cadres and staff from the provincial offices also attended the gathering.

Taking the floor, Comrade Heng Samkai recounted the background of the struggle conducted by our Cambodian revolution to overcome all manner of difficulties and obstacles to constantly promote Cambodia's multifaceted developments. He also underlined the speedy progress made by the Cambodian people's Army in becoming capable of assuming the task of defending the motherland, and creating early favorable conditions for the repatriation of Vietnamese volunteer troops. He called on the commanders of the two newly formed units to always strive to improve their leadership aptitude in order to properly command their troops, to be directly involved with combatants in carrying out their tasks, and to be humble and kind while being determined in the implementation of party policy and state law. In particular, they should enhance their close internal solidarity.

With regard to combatants, the comrade urged them to pay attention to correctly carrying out their commanders' orders, to scrupulously observe discipline, to heighten the fine, decent stance of the Cambodian Revolutionary Army, and to enrich their political, cultural, and technical knowledge, vigorously upgrading their fighting quality in order to effectively defeat the enemy.

After the bestowal of trophy banners on the two units by Comrade Heng Samkai and his deputy Comrade Hok Langdi, a representative of the Army cadres and combatants, presented the oath of the revolutionary Army.

Comrade (Tie Engho), on behalf of the two armed units expressed their resolute determination to adequately implement the presidium's recommendation and to enliven their decisive fighting spirit with the aim of attacking to completely eliminate all manner of enemies from Cambodia.

The ceremony was concluded with the joyous offer of floral garlands and mementos to our combatants.

Bou Thang Tours 4th, 5th Military Regions

*BK0110032489 Phnom Penh Domestic Service
in Cambodian 1200 GMT 30 Sep 89*

[Text] On the occasion of our traditional Pchum Ben ceremony [Buddhist ceremony for the dead], a delegation led by Comrade General Bou Thang, member of the party Central Committee Political Bureau, Council of Ministers vice chairman, and General Political Department chief of the Cambodian People's Revolutionary Army, toured and visited our compatriot cadres, combatants, people, and masses in the 4th and 5th Military Regions. Everywhere it went—Siem Reap District in Siem Reap-Oddar Meanchey Province, Ratanamondol District in Battambang Province, and so on—our delegation talked about the development of each locality due to the hard work and the spirit to overcome difficulties

which resulted in great achievements, and in the implementation of tasks assigned by the party and people, particularly in building the Armed Forces, in which quantity and quality have been assured. Our forces are masters and we are able to assume ourselves the task of defending and developing villages and communes. Comrade General Bou Thang also called on our cadres, combatants, and people to pay further attention to the task of building and defending the motherland, particularly in thwarting the perfidious maneuvers of all types of enemies and in scoring good results for the people.

Our delegation also distributed gifts and various materials with grateful and cordial sentiments to cadres, combatants, people, deserving families, and monks residing at Bakong monastery, Bakong commune, Siem Reap District, in Siem Reap-Oddar Meanchey Province.

Nationwide Agricultural Production Updated

*BK0110091989 Phnom Penh Domestic Service
in Cambodian 0430 GMT 1 Oct 89*

[Excerpt] According to a report by the Agriculture Ministry, by 16 September, only 680,900 hectares of various types of rice had been transplanted and broadcast throughout the country, or 37.8 percent of the plan. This represents a decrease of 540,560 hectares compared to the same period last year.

Kompong Cham and Svay Rieng Provinces achieved between 50 and 79 percent of their plans. Other provinces have achieved only between 20 and 30 percent. Inactivity on this issue is due to the drought which threatens every part of the country. Furthermore, land tilling by tractors in the area around the Tonle Sap Lake was slow, causing delay in the cultivation of broadcast rice.

During the same period, a total of 100,940 hectares of subsidiary and industrial crops had been planted throughout the country. At the end of this rainy season, the Agriculture Ministry will urge peasants to put the remaining area under short-term rice, such as IR seeds and a number of local rice strains. [passage omitted]

PRC President Expresses Support to Sihanouk

*BK0310031289 (Clandestine) Voice of Democratic
Kampuchea in Cambodian 2330 GMT 2 Oct 89*

["Message" from His Excellency Yang Shangkun, president of the People's Republic of China, to Samdech Norodom Sihanouk, head of the Cambodian national resistance forces and president of Democratic Kampuchea, issued in Beijing on 27 September]

[Text] Esteemed Samdech:

I am honored to receive Samdech's letter dated 1 September 1989. I would like to express my full agreement with and support for your views and stance on the current situation in Cambodia.

As Samdech pointed out, the Paris International Conference on Cambodia has not achieved the desired results because of the Vietnamese authorities' opposition to the establishment of an international control mechanism under the auspices of the United Nations, and their opposition to the realization of a genuine national reconciliation in Cambodia.

To guarantee independence and peace in Cambodia in the future, Samdech has persisted in the principled positions of the quadripartite coalition and presented fair and reasonable views on the Cambodian settlement, which have won sympathy and support from the majority of the conference participants and the international community.

The Chinese Government has always stood for a comprehensive, just, and reasonable political solution to the Cambodian problem and for the two aspects for the Cambodian settlement, that is Vietnam's genuine and complete withdrawal of its troops from Cambodia under strict and effective international supervision and the establishment of the Cambodian quadripartite provisional government headed by Samdech Norodom Sihanouk during the transitional period.

The Vietnamese announced that unilateral troop withdrawal without any international supervision is unbelievable and cannot be recognized by the international community.

I would like to assure Samdech that as long as Vietnam has not yet carried out a genuine troop withdrawal from Cambodia and the Cambodian problem remains to be settled comprehensively, justly, and reasonably, the Chinese Government and people will, as always, continue their support for the just struggle of the Cambodian people under Samdech's leadership until the Cambodian people win full independence, sovereignty, and peace.

Please, Samdech, accept my highest regards.
[Signed] Yang Shangkun, president of the PRC
[Dated] Beijing, 27 September 1989

CGDK Sends Greetings on PRC National Day

BK0110022189 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 30 Sep 89

["Greetings message" from Samdech Norodom Sihanouk, leader of Cambodia's national resistance forces and president of Democratic Kampuchea; His Excellency Son Sann, prime minister of the Coalition Government of Democratic Kampuchea; and His Excellency Khieu Samphan, vice president of Democratic Kampuchea in charge of foreign affairs, to His Excellency Jiang Zemin, general secretary of the Chinese Communist Party Central Committee; His Excellency Deng Xiaoping, chairman of the Military Commission of the Chinese Communist Party Central Committee; His Excellency Yang Shangkun, PRC president; His Excellency Li Peng, chairman of the PRC State Council; and His

Excellency Li Xiannian, chairman of the Chinese People's Political Consultative Conference, on the PRC's 40th founding anniversary; issued on 29 September; place not given—read by announcer]

[Text] Your Excellencies: This year, the Chinese people solemnly celebrate the PRC's 40th founding anniversary. This grand celebration give us a happy opportunity to express, on the Cambodian people's behalf, Cambodia's national resistance forces, Cambodia's tripartite Armed Forces, and the CGDK [Coalition Government of Democratic Kampuchea], as well as in our own names, warmest congratulations to all of you, eminent leaders of the PRC, the Chinese Government, and the Chinese People's Liberation Army. We would also like to express best wishes for good health, longevity, your own happiness, and for the complete success of your noble and lofty mission to serve the great PRC.

In the past 40 years, the Chinese people, under the leadership of the Chinese Communist Party and the Chinese Government, have made great sacrifices and scored miraculous achievements in every field. In a short period, they have transformed an old and undeveloped China into a powerful country through advanced modernization programs. These victories were not only for the benefit of the Chinese people but also for international peace and security, particularly in Southeast Asia which is being threatened by Vietnam's continued war of aggression in Cambodia under a new form. We are very happy about the victories scored by the PRC both in local and foreign policies.

On this precious occasion, we would like to sincerely wish the Chinese people new and brilliant victories in implementing the seventh 5-Year Plan within the framework of the four modernization programs, of reforms, and of the open-door policy. Also on this solemn occasion, the Cambodian people, Cambodia's national resistance forces, Cambodia's tripartite Armed Forces, and the CGDK would like to again movingly express our profound gratitude to Your Excellencies, the Chinese people and government, and the Chinese People's Liberation Army for the assistance and vigorous, generous support provided to our current struggle to liberate the nation from the Vietnamese aggressors.

The happy all-round development of our struggle cannot be separated from this assistance and support. This is also an important contribution to the search for a comprehensive solution to the Cambodian problem in accordance with the 5-point proposal of Samdech Norodom Sihanouk, leader of Cambodia's National Resistance Forces and president of Democratic Kampuchea. We firmly believe that the traditional relations of friendship and good cooperation between our two peoples and countries will further develop.

Your Excellencies, please accept our high and respected consideration.

[Signed] Norodom Sihanouk, leader of Cambodia's National Resistance Forces and president of Democratic Kampuchea;

Son Sann, prime minister of the CGDK;

Khieu Samphan, vice president of Democratic Kampuchea in charge of foreign affairs.

[Dated] 29 September 1989.

Resistance Said To Seize Thmar Puok Town

BK0310033489 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 2 Oct 89

["Special report" from Sisophon battlefield in Battambang Province—date not given]

[Text] On 30 September 1989, the tripartite Cambodian resistance forces attacked the positions of the Vietnamese enemy and its puppets in Thmar Puok, Banteay Chhma, Svay Chek, and Preah Net Preah District Towns located at Prey Mon. These three [as heard] district towns were totally defeated and liberated.

The three national resistance forces also defeated one divisional, four regimental, and dozens of battalion, company, and platoon positions. The Vietnamese units of the 51st Division stationed in Thmar Puok District Town and defending Thmar Puok District and Route 69 were attacked and totally defeated and dismantled.

After attacking and liberating Thmar Puok, Banteay Chhma, and Preah Net Preah District Towns, the Vietnamese enemy and its puppets mobilized 500 forces from Srei Snam, Kralanh, and Phnum Srok Districts to resist our forces and rescue their colleagues. But they were ambushed by our forces in the vicinity of Nam Tao. They were routed, killed or wounded, and forced to retreat.

It should be noted that the 75th, 76th, 77th, and 71st battalions of this Vietnamese 51st Division were routed and basically dismantled. Half of the Vietnamese 17th Division was vanquished.

The puppet army units at provincial, district, commune, and village levels, particularly, Battalion E-11, the battalion of Kompong Cham Province, and Battalion E-71, automatically and basically dispersed and collapsed.

We are continuing our sweep operations and offensive to advance with mastery and to resist intervention and rescue operations by the Vietnamese enemy and its puppets in this area.

We destroyed two Vietnamese tanks and captured another—two T-54's and a TP-76.

Additional details of this attack are contained in the daily battle report.

Spokesmen Quoted on Fighting

BK0310012989 Bangkok BANGKOK POST in English 3 Oct 89 p 3

[Text] Guerrillas who have seized Phnom Penh government positions in the past week in western Cambodia have halted their offensives to consolidate and replenish supplies, Thai military officers said yesterday.

The non-communist Khmer People's National Liberation Front (KPNLF) and Sihanoukist National Army (ANS), which seized Thmar Puok town in Battambang Province and took control of Svay Chek District in heavy fighting since Saturday, have abruptly halted their advance on Sisophon township, they said. The sources said the guerrillas had not captured Svay Chek itself in the face of the Phnom Penh forces' superior artillery fire.

The offensive by the two resistance groups and their allies in the opposition coalition, the militarily powerful Marxist Khmer Rouge, comes in the wake of the withdrawal of Vietnamese forces last week after almost 11 years in Cambodia.

"The resistance forces have halted their advance to replenish ammunition and food supplies, consolidate their forward positions, regroup, and send the dead and wounded back to the border areas," said an officer attached to the Burapha Task Force based in Aranyaprathet.

A spokesman for the Khmer People's National Liberation Front, Maen Reun, said in Aranyaprathet yesterday that the resistance are staging hit-and-run raids from Thailand on Phnom Penh positions in northwest Cambodia but are not trying to hold territory. He said KPNLF fighters killed eight soldiers in attacks on government outposts on Sunday. He told reporters up to 1,000 KPNLF guerrillas were trying to route or encircle government posts to force defenders to flee, but not to hold territory. A Sihanoukist spokesman said on Sunday that the ANS had committed some 1,000 men in a joint operation with about 4,000 KPNLF guerrillas on the Thmar Puok and Svay Chek battle fronts.

Maen Reun said the KPNLF, which launched an attack last Saturday, four days after the withdrawal of Vietnamese troops from Cambodia, had given up attempts to occupy the small town of Svay Cheak and Sisophon, capital of Banteay Meanchey province. Instead, about 50 government positions on three dirt roads leading from the Thai border to Sisophon had been attacked or were targeted for raids.

A Sihanoukist spokesman said yesterday that four ANS troops were killed and five wounded, while 15 Phnom Penh soldiers were killed and "many" wounded during the heavy fighting.

In other fighting, an ANS field report said the guerrilla faction's 11th Brigade had since Saturday captured the district seat of Phnum Srok in northern Battambang and over-run four military positions, seizing "hundreds of weapons" and 280 sacks of rice. Some 29 Phnom Penh

soldiers and 100 militiamen defected to the guerrillas, the report said. The report said that during the fighting in the Thmar Puok area between September 17-27, Sihanoukist guerrillas had killed 59 government troops and wounded 68 others, while 22 had surrendered.

However, a small KPNLF unit was still fighting on Monday for Kandaol village, a small "pocket of resistance" held by Phnom Penh troops just inside Cambodia, Thai officials in Ta Phraya District said.

They said other parts of the border had been "quiet for the past couple of days" and that district and village schools were reopening as people who had fled their homes for fear that the fighting would spill over returned.

UPI quoted resistance officers and diplomatic sources as saying that the resistance yesterday scored further gains in the offensive against the Phnom Penh regime, capturing a second district town, surrounding a key border town and cutting strategic roads.

A KPNLF information officer said 1,000 resistance troops had surrounded the border town of Poipet and were calling on government troops there to surrender.

Less than two weeks ago Phnom Penh government Prime Minister Hun Sen walked across the border at Poipet to attend meetings in Thailand.

The KPNLF information officer said resistance forces have advanced along Highway 5 cutting off side roads that are the only supply routes to a number of outposts. "Once those supply routes are cut we expect the outposts to surrender with a large quantity of weapons," he said.

The resistance officer said the advance also increased the pressure on the key crossroads town of Sisophon which has been under attack since Saturday. He said the immediate objective was to destroy a bridge on Highway 5 leading to the town.

The fall of Sisophon, a major logistics centre for government forces in western Cambodia, would be a major victory in the long conflict, analysts said.

The ANS said yesterday that its forces had cut a portion of Highway 6 outside of Sisophon.

If the resistance claims are accurate, that would mean that three of the four roads to Sisophon have been cut. The portion of Highway 5 leading to the provincial capital of Battambang, however, appears to remain in government hands.

The resistance has claimed the capture of three Soviet-built T-54 tanks and the destruction of 10 other armoured vehicles in the offensive so far.

Diplomats in Bangkok said the KPNLF appeared to be trying to demonstrate its viability as the US Congress debates policy on Cambodia.

US aid to two non-communist guerrilla groups is under new scrutiny following Vietnam's announced army pullout after nearly 11 years in Cambodia.

Sisophon Battle Report Updated

BK0310070989 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 3 Oct 89

[Text] Our newsroom has received reports saying that combatants of noncommunist Cambodian resistance forces are still occupying Thmar Puok and Phnum Srok District seats and other positions and are continuing their operations in Sereisaophan District.

Combatants of the Khmer People's National Liberation Front [KPNLF] destroyed another Vietnamese tank on the Sophi battlefield when the Cambodian resistance attacked Poipet District seat and surrounded Pailin District seat. KPNLF combatants are surrounding the Svay Chek position and attacking the Kandaol position, where disguised Vietnamese soldiers have mingled with Heng Samrin troops. A number of Vietnamese-Heng Samrin troops have pulled back from various positions along the border opposite Site Two camp to reinforce units on various battlefronts in Sereisaophan District.

In Poipet, resistance forces launched attacks on Tuesday. Vietnam has dispatched its troops—special forces from Phnom Penh and Kompong Cham—to reinforce Heng Samrin troops in Poipet.

Laos

Statement on SRV Troop Withdrawal Hailed

BK0210130789 Vientiane Domestic Service in Lao 0000 GMT 30 Sep 89

[Station commentary: "Wholeheartedly Hail the Statement of the Foreign Affairs Ministry of the Lao People's Democratic Republic"]

[Text] The withdrawal of the last group of Vietnamese volunteer forces from Cambodia ended on 26 September in accordance with the pledge made earlier by the SRV Government and the Government of the State of Cambodia.

With regard to this development, on 28 September, the Foreign Affairs Ministry of the Lao People's Democratic Republic [LPDR] issued a statement wholeheartedly hailing the SRV for completing the total withdrawal of its volunteer forces from Cambodia.

The statement said: However, even after the Vietnamese troop withdrawal from Cambodia is complete, a political settlement to the Cambodian problem has yet to be achieved. Therefore, an urgent issue is implementation of a cease-fire aimed at halting the clashes between all of the Cambodian factions and at preventing civil war and a return to power by the Pol Pot genocidal regime.

The statement noted: In order to achieve the abovementioned objectives, other countries must halt all military aid to all of the Cambodian factions, must stop interfering in Cambodia's internal affairs, and must respect the Cambodian people's right to self-determination.

The Foreign Affairs Ministry statement also hailed the efforts made by His Excellency General Chatchai Chunchawan, prime minister of Thailand, who outlined his intentions at a news conference with the Thai press on 23 September, pointing out his endeavors aimed at promoting a cease-fire, halting all clashes in Cambodia, and convening another informal meeting so as to further promote negotiations on the question of an international control mechanism in Cambodia. Such an international control mechanism is very necessary for inspecting the cessation of military aid from other countries to all of the Cambodian factions and for controlling observance of the cease-fire by all of the Cambodian factions. This international control mechanism must be under the jurisdiction of the International Conference on the Cambodian Problem.

The statement reiterated: Being a member of JIM 1 [first Jakarta informal meeting] and JIM 2 held in Jakarta, Indonesia, and a member of the Paris International Conference on the Cambodian Problem, the LPDR will continue rendering importance to and taking part in any international meetings aimed at resolving the Cambodian problem through political means.

This statement clearly reflects the LPDR's good intentions for consistently aspiring to see a rapid settlement of the Cambodian problem, which has dragged on for more than 10 years, on the basis of the stand of the government of the State of Cambodia, which is designed to guarantee the fruits of the revolution and fulfillment of the Cambodian people's ardent aspirations for attaining peace for their country so that it can contribute to building Southeast Asia and the Asia-Pacific region into a region with stability, friendship, and mutual cooperation under the banner of regional and international peace.

Future of Cambodia After Withdrawal Viewed

*BK021015589 Vientiane Domestic Service in Lao
0000 GMT 29 Sep 89*

[Unattributed commentary: "What Will Cambodia's Future Be Like After the Vietnamese Troop Withdrawal?"]

[Text] In the past few days, following the total withdrawal of Vietnamese volunteer forces from Cambodia, public opinion has been heard to comment on the future of Cambodia. Western media, especially the Thai media, have intensely carried reports on attacks mounted by the Cambodian resistance factions against the Phnom Penh government. Some reports said that the Khmer Rouge managed to seize the town of Pailin and that Koh Kong and other Cambodian provinces bordering Thailand were under serious threat and so forth. Nonetheless, those reports are nothing but rumors.

With regard to current developments, Hun Sen, chairman of the Council of Ministers and foreign affairs minister of the State of Cambodia, pointed out at a news conference held in Phnom Penh on 24 September: A civil war is unavoidable because the resistance factions lack a constructive stand. Therefore, a cease-fire cannot be achieved. The Cambodian peoples' enemies are making all possible efforts to continue the war. We stand ready, and know that (?they) cannot do anything beyond 1989. At present along the Cambodian-Thai border, gunfire is heard sporadically. This is normal for a country at war. However, we assure you that we are still in full control of the area.

As a matter of fact, the Cambodian resistance factions are not only becoming more politically isolated, but their internal conflicts are also widening. In the past few days, they have not been able to seize even one square inch of Cambodian territory. They have been under constant attack from the Cambodian People's Revolutionary Armed Forces, and more and more of them have fled helter-skelter into Thai soil.

With regard to the probability of the Khmer Rouge seizing certain areas in Cambodia to set up strongholds, many Western political observers have said that it is very difficult for them to do so because the Phnom Penh government troops will never stand idly by to allow them to do that easily. Events of the past 10 years testify to this fact.

The above reality clearly shows that Cambodia's future will remain under the control of the State of Cambodia for a long time to come. To avoid civil war in Cambodia following the total withdrawal of the Vietnamese troops, said Hun Sen, chairman of the Council of Ministers of the State of Cambodia, at the Phnom Penh news conference, it is time for foreign military aid to the three Cambodian factions to cease. We must prevent the return of the genocidal clique to Cambodia and we must prevent civil war from breaking out in Cambodia. All these are the hot issues in Cambodia at present. All countries must adopt a correct stand and fulfill their pledge to stop giving military aid to the Cambodian resistance factions.

Activities Commemorating 40th PRC National Day

Leaders Send Greetings

*BK3009101889 Vientiane KPL in English 0901 GMT
30 Sep 89*

[Text] Vientiane, Sept 30 (KPL)—"The founding of the People's Republic of China on October 1, 1949 was an event of historic significance in the political life of the Chinese people. It's a landmark for a new era—an era of independence and freedom of the Chinese people after having carried out a courageous and protracted struggle against feudalism and imperialism and aggression."

This is stated in a joint telegram of greetings signed by Kaysone Phomviharn, general secretary of the LPRP CC [Lao People's Revolutionary Party Central Committee].

chairman of the Council of Ministers; Phoumi Vongichit, acting president of the republic; and Nouthak Phoumsavan, president of the People's Supreme Assembly, sent to their Chinese counterparts respectively—Jiang Zemin, Wan Li and Li Peng—on the occasion of the 40th national day of the PRC.

Having recalled the achievements obtained by the Chinese people in the past 40 years in economic, socio-cultural and technological development, thus improving the living standard of the people both materially and spiritually, the telegram reads:

"The party, government and people of Laos wholeheartedly hail these achievements and hope that the time honoured relations of friendship and cooperation between the peoples of Laos and China will be consolidated and developed for the interests of the peoples of both countries, for peace, security and cooperation in Asia and the world over."

"On this occasion, we would like to wish the Chinese people under the leadership of the Communist Party of China greater success in building the country into a more prosperous one."

Minister of Foreign Affairs Phoun Sipaseut, on this occasion, also sends a telegram of greetings to his Chinese counterpart, Qian Qichen.

"PASASON," the organ of the LPRP, today frontpages an editorial devoted to the 40th founding anniversary of the People's Republic of China.

Editorial Marks National Day

BK0110115589 Vientiane Domestic Service in Lao
0000 GMT 1 Oct 89

[Unattributed editorial: "40 Years of Growth and Strength of the People's Republic of China"]

[Text] Today, 1 October, the Chinese people, together with all progressive forces throughout the world, are celebrating the 40th founding anniversary of the People's Republic of China. Throughout the past 40 years of its existence, having passed through numerous twists and turns and having encountered numerous difficulties, the PRC has incessantly strived to develop the new regime.

Through a protracted and heroic struggle against feudalism and capitalism as well as external aggression, under the leadership of the Communist Party of China, with the material and moral support of the Soviet Union, the socialist countries, and all progressive forces throughout the world, in 1949 the Chinese people's revolution scored a brilliant victory. Subsequently, the new regime—the PRC—was founded on 1 October 1949. Since then, under the leadership of the CPC, the Chinese people have advanced along the path of socialist construction in their beloved land. Over the past several decades, the PRC has scored numerous great achievements.

At the 13th CPC Congress convened in 1987, it was pointed out that the PRC was still in the initial stage of socialism. Having learned from past experience, shortcomings, and pains experienced in the socialist construction, and relying on the international reality and the epoch's call, the PRC has carried out in earnest an economic reform in the past 10 years. By adopting and applying the new economic methods, the PRC's economy has made rapid growth. In the past 10 years, an estimated 16,000 [new] enterprises have been put into operation. Of these, 9,800 are operated as joint ventures while 600 are solely operated by foreign investors with a total investment of U.S. \$28 billion.

Compared to 1978, the gross national production in 1988 increased by 2.25 times, the import-export volumes by 4 times, and the per capita income of the people in the countryside by 2.8 times and in urban areas by 85.60 percent.

At present, the PRC produces more than 400 million metric tons of starch products annually. The PRC also ranks first in cotton, meat, coal, and cement production. In the field of energy production, it has moved up from the seventh to the fourth ranking now. Trade relations and transactions between the PRC and the socialist countries in 1989 have so far been estimated at 11 billion Swiss francs—an increase of 10 percent compared to the previous year.

In the field of science and technology, the PRC has also scored numerous achievements to the extent that it has now unilaterally ventured into space exploration.

In parallel to the aforementioned evolution, in recent years the PRC has also chosen to pursue a constructive policy toward the outside world. The PRC has opposed the arms race not only by expressing its support to the peace initiatives advanced by the Soviet Union and the socialist countries but also, practically, by reducing its military forces by some 1 million men. It has also become a signatory of the Ratotonga Treaty which is aimed at turning the South Pacific region into a nuclear-free zone.

Thanks to their joint efforts, the bilateral relations between the CPC and the CPSU as well as between the two states were recently restored and normalized. The restoration of friendship between the PRC and the socialist countries has brought more strength and cohesion to the socialist community and greater hope to the movements struggling for peace, disarmament, and collective security throughout the world. It has also become an important impetus pushing socialism to advance forward incessantly.

The Lao People's Democratic Republic and the PRC are not only neighboring countries sharing a common border for several hundred kilometers and maintaining traditional relationship since ancient times but have also marched forward side by side along the socialist path. At a time when the Lao people under the leadership of the Lao People's Revolutionary Party [LPRP] were waging

the struggle for national liberation against the imperialist aggressors, the PRC rendered tremendous support and assistance to our just cause.

Even though the relations between our two countries once became cold for some time, thanks to our mutual efforts and good intentions toward each other, the relations between our two parties and states have lately been restored and normalized step by step. An exchange of diplomatic envoys at the ambassadorial level has been resumed. Exchange visits at certain levels have been carried out and trade exchanges at the national and local levels have also been intensified. The LPRP Central Committee Secretariat recently issued a decree establishing the Laos-China Friendship Association.

All of these steps are aimed at conforming to the Chinese people's aspirations and the epoch's call. Through our joint efforts, it is believed that the fine relations between both parties and countries will be restored soon. The period of the past 40 years in the PRC constitutes a period of tests and victory for the new regime. On this auspicious occasion, we would like to wish the Chinese people under the leadership of the CPC new achievements in their national development and socialist construction.

Correspondent Recalls Friendship With PRC

BK0310053389 *Vientiane Domestic Service in Lao*
0000 GMT 28 Sep 89

[Station correspondent's commentary: "Memorable Friendship"]

[Text] What has reminded me of the unquenchable and unforgettable friendship between Laos and the PRC is the road that is hundreds of kilometers long stretching from Chinese soil to northern provinces of Laos. This road stretches to Oudomsai Province, and from this province to many other points—to Khoua District in Phong Saly Province; to Luang Namtha District, and through Luang Namtha District, to Sing District in Luang Namtha Province; to Houn District, and through Houn District, to Pak Beng port; and to Nam Bak District in Luang Prabang Province, and through Nam Bak District, to (?Het) District in the border province of Houa Phan-Sam Neua.

This road made of asphalt with strong ferroconcrete bridges on it is regarded as a road of memorable friendship between the Lao and Chinese peoples. These stretches of road resulted from the sweat and hard work, in a spirit of proletarian internationalism, of the Chinese people. This assistance was given to the Lao people at the time when their national salvation struggle against the U.S. imperialists was going on fiercely. Although the abovesaid stretches of road have not been repaired over the past 10 years, they can still accommodate traffic in all seasons. In all the northern villages which the road passes through, the drainage systems and reservoirs were also set up by the Chinese workers for the convenience of the villagers.

Although the Lao-Chinese friendship faded for a period of time, the Lao people in Oudomsai, Phong Saly, and Luang Namtha Provinces have never forgotten those meritorious deeds of the Chinese workers. History is a matter of the past, but it is still factual. Throughout the 3 decades of the national salvation struggle of the Lao people to free themselves from the ruling yoke of the French colonialists and then the U.S. imperialists, the Chinese people were among the peoples of various fraternal socialist countries who made active contributions to assisting the Lao revolution, both in the material and spiritual fields.

I had the honor of visiting the PRC for the first time in 1964 on behalf of PATIVAT LAO [former newspaper; meaning Lao revolution] journalists. The Chinese comrades welcomed our journalists' delegation in the same way they would welcome their relatives or family members whom they have not seen in a long time. At that time, the Lao revolution was at a turning point. Laos' role in the international arena was still very limited. Many countries had yet to recognize the Lao Patriotic Front, but the Chinese comrades had acted as the principals in promoting the status and prestige of the patriotic front. They had created all favorable conditions for the front to carry out international activities in the service of the Lao revolution.

During our delegation's 30-day visit, we were given a warm welcome by comrade party, state, and Army leaders as well as by other Chinese comrades and friends. We were impressed by their words expressing sympathy, solidarity, and affection to Lao comrades and friends and to the Lao revolution. Every place we visited—be it a factory or workshop, commune or Army unit—we were welcomed with the expression: We wholeheartedly welcome heroic Lao comrades and friends who have returned from the forefront of the revolution. In a banquet organized by the party and government of the PRC in Beijing on the evening of 30 September 1964, in celebration of the 15th anniversary of the establishment of the PRC, Zhou Enlai, late premier of the PRC, walked to the dining table of our Lao journalists. He greeted and shook hands with us in a friendly manner, after which he raised a glass of Mao-tai [Chinese liquor] and gave this toast: Welcome to the Lao revolutionary fighters who have returned from the front line; wishing the Lao revolution complete victory; a toast to the good health of Lao comrades; wishing Lao comrades victory over the enemy; long live the Sino-Lao friendship!

Thai Investors To Open Bank in Vientiane

BK0210115989 *Bangkok THE NATION in English*
2 Oct 89 *Afternoon Edition p 1*

[Report by Sam-ang Wutthisaksathit]

[Text] Vientiane—A new commercial banking era here will be started tomorrow by a group of Thai investors when the Joint Development Bank is inaugurated.

After obtaining the operating licence from Laotian authorities in February this year, Thai investors led by Khunying Suwanni Phuaphairot sought partners including Union Bank of Bangkok to set up the bank. The Thai investors have a 70 percent stake leaving 30 percent for Laotian counterparts.

The private commercial bank expects to raise total deposits of 100 million kips tomorrow. Before the opening, there were posters and others types of campaigns informing Laotians that a private commercial bank would begin business. Depositors will be offered gifts when they open accounts tomorrow.

The bank charges as much as 36 percent interest rate per annum on loans. The lending rate is 18 percent higher than the deposit rate.

The bank has US\$4 million in registered capital, or about Bt [baht] 100 million. The Board of Directors will have nine members with Thais holding six seats. The chairmanship will be taken up by a Laotian while executive positions will be held by Thais.

There was a certain degree of excitement among Laotians who have been under communist rule for over a decade. In fact, the bank already holds 100 million kips in loans outstanding. The current exchange rate is 25 kips per baht.

Union Bank President Piyabut Chonwichan, who provides advice to Khunying Suwanni said it has been agreed with Laotian authorities that the bank will offer floating interest rates.

But the deposit rates will be six percent lower than those offered by state-owned bank which offers 24 percent. "But as a private-owned bank, there will be better service including the handing out of gifts which never happened before in Laos," said the young banker.

Asked whether the deposit rate could rise to 50 percent per annum, Piyabut said Laotian authorities are not likely to let the rate rise to that level because it could further drive up the inflation rate, which currently stands at 60 percent per annum.

There are three state-owned banks including the central bank, the bank for international trade, and a commercial bank. The Joint Development Bank is the fourth bank. However, Laotian authorities recently allowed businessmen from Brunei to open a bank but without much progress so far.

In March this year, there were 10 billion kips in the deposit system while loans outstanding amounted to 11 billion kips. Exports in 1987 were valued at US\$65.3 million while imports totalled US\$112.9 million mainly in motor vehicles, parts, construction materials, electrical goods, consumer and pharmaceutical products.

The country suffered a US\$47.6 million trade deficit that year.

Philippines

High Court To Hear Appeal on Marcos Return

HK0310112589 *Quezon City Radyo ng Bayan*
in Tagalog 1000 GMT 3 Oct 89

[Text] The Supreme Court has given the government prosecutors 10 days to answer an appeal submitted by loyalist leaders seeking the return to the country of the remains of former President Marcos. In effect, the appeal seeks reversal of an earlier Supreme Court ruling upholding the Aquino government's decision to bar the return of Marcos, dead or alive, to the country. However, loyalist leaders filed the petition before the Supreme Court yesterday, imploring it to change the ruling.

Meanwhile, the Aquino government has dropped graft and corruption charges against the late President Ferdinand Marcos. However, it will proceed with cases filed against family members and heirs of the former ruler in order to recover billions of ill-gotten wealth.

A hearing scheduled today on the graft charges against Marcos was canceled by Judge Conrado Molina, who stated that it was not right to proceed with charges against a dead defendant. The charges dropped by the court involved Marcos' purchase of four buildings in New York as well as one civil suit filed by the government against him.

In a related development, government prosecutors said they will present a formal motion withdrawing Marcos' name as a codefendant in cases filed against him. However, his heirs will remain as defendants in these cases. A new hearing has been set by the court for within the next 2 weeks.

Aquino Rules Out State Honors for Marcos

HK0310015789 *Manila Far East Broadcasting Company*
in English 2300 GMT 2 Oct 89

[Text] No state necrological services nor state honors will be accorded the late President Marcos by the administration of President Corazon Aquino. This was announced by President Aquino in a regular news conference at Malacanang yesterday, but she assured that the government will give to the Marcos family what is due him for having been in the public service for 40 years. It will be up to the late president's family to file the necessary application with the Government Service Insurance System.

Military 'Blue Alert' for Marcos-Related Unrest

HK0310112789 *Quezon City Radyo ng Bayan*
in Tagalog 1000 GMT 3 Oct 89

[Text] The military remains under blue alert amid increasing calls for Marcos to be allowed to be buried in the country. Meanwhile, the military also continues to monitor the current situation. Thus far, no report of incidents related to the Marcos issue has been received.

In another development, hundreds of Marcos loyalists continue to hold their vigil along the Epifanio de los Santos Avenue [EDSA], where they had begun to gather at 2000 last night and left only around midnight. The loyalists are asking the government to allow the return of Marcos' remains to the country and that he be accorded proper state burial services as a former president of the republic.

Marcos 'Cronies' To Be Denied Passports

*HK0310084589 Manila Manila Broadcasting Company
DZRH in Tagalog 0800 GMT 3 Oct 89*

[Report by Rey Arquiza of the "Mobile 21" unit]

[Text] Acting Secretary Manuel Yan today issued a directive to the consular services to reject passport applications by all the cronies of the late President Marcos. Contained in the directive were strict orders not to issue any passport to these cronies who may want to visit the body of the deceased president in Honolulu. Copies of the directive were sent to Philippine embassies and consulates in foreign countries so that the Marcos cronies living in those countries will not be given any travel documents to return home. He said the directive will remain valid until stated otherwise by the department. The Department of Foreign Affairs has a list of all the Marcos cronies but has not yet disclosed it to the media.

Aquino Unaware of Ver's Whereabouts

*HK0210112789 Quezon City Sports Radio 738
in English 1100 GMT 2 Oct 89*

[Text] At a news conference today the president admitted that the government has no knowledge on the whereabouts of former chief of staff Fabian Ver. The president was asked on Ver's whereabouts since he was a key figure in the Marcos administration and would therefore have knowledge on matters pertaining to ill-gotten wealth of the former administration as well as on the Aquino-Galman murder case. Marilou Linggad has more:

[Linggad] Ver was once sighted in Brunei in late 1986 when he visited his girlfriend identified as Camcam, who temporarily moved to Brunei.

Meanwhile, the president reiterated her optimism that some good news may come up from Switzerland on matters pertaining to Marcos' hidden wealth before the year ends.

Editorials Comment on Marcos' Death, Aftermath

'Self-Criticism' by Administration Urged

*HK3009081589 Manila PHILIPPINE DAILY GLOBE
in English 30 Sep 89 p 4*

[From the "Chaff From the Grain" column by Hector R. Villanueva: "Republic of the Philippines Still Unstable"]

[Text] With Marcos dead, the whipping boy is gone. But, the overhang of fear, which is also motivated by self-interest, pervades the actuations of those holding the reins of power, and enjoying its trappings.

While Marcos did leave behind a bankrupt and huge unpaid foreign obligations, he also left behind an elaborate network of economic and social infrastructure upon which this government should have built on and improved upon had the new Caesars not been motivated by fear, greed, and politics which have neutralized President Aquino's good intentions and valiant effort in instilling honesty in the bureaucracy.

It goes without saying that had the expectations and promise of EDSA [Epifanio De Los Santos Avenue] been fulfilled, the Marcos loyalists in 1986 would have had to accept unconditional surrender, and the reform-minded elements in the Armed Forces would not have attempted several coups against the very government that they had helped install.

Somewhere along the way, insincere attempts at reconciliation, sequestration of assets and properties, anti-military sentiments, perception of the restoration of the status quo, failure to alleviate poverty, disappointment with the legislature, and allegations of widespread graft and corruption in the public sector have all combined to perpetuate political instability.

Now that Marcos is dead, who will this government curse for future ills and failures?

In the final analysis, this administration needs to undergo self-criticism of its attitudes and policies, whether it pertains to sequestration or the return of Marcos's remains or political amnesty.

The first task is to forget hatred.

No 'Unsettling Effect' Foreseen

*HK3009081289 Manila MANILA BULLETIN
in English 30 Sep 89 p 4*

[Editorial: "Marcos Death"]

[Text] The passing of former President Marcos, which undoubtedly is mourned by many, has stirred fresh debate over the import and repercussions of his long rule and the desire of his bereaved family to bury him in the Philippines.

President Aquino, who spontaneously condoled with the former President's bereaved family, says she is standing pat on the declared official policy against the return to the country of Mr. Marcos or his remains. The President succinctly observed that history will judge her predecessor and his protracted and controversial stewardship of national affairs.

The government and the general public should concertedly discourage and allay dire speculations that the death of the former ruler is bound to have an unsettling effect

on the state and the nation. What he could not do in life, he most certainly cannot do in death. A realistic and dispassionate examination of the present state of national affairs leads to the conclusion that our newly restored democracy is too entrenched in popular favor to be unsettled by fleeting winds of personal or partisan discontent.

With the death of former President Marcos, the era he had dominated definitely and irretrievably recedes into the past. The country would be well served by realization of that historical and psychological fact.

'Cause-Oriented Groups' Hold Antibases Rally

HK0310094989 Manila Manila Broadcasting Company
DZRH in Tagalog 0800 GMT 3 Oct 89

[Interview with New Nationalist Alliance official Nick Elman by Jennifer Postigo of "Mobile Unit 18" in Manila on 3 October—recorded]

[Text] [Postigo] Several cause-oriented groups are holding a rally today at the foot of Mendiola bridge, or what we now call the Don Chino Roces Bridge of Freedom. Nick Elman, an official of the New Nationalist Alliance, will tell us about the participating groups and their grievances:

[Elman] Good afternoon, Jen. We are now holding an indignation rally here at the foot of Mendiola bridge and those with us are: the New Nationalist Alliance, the Alliance for the Advancement of Socialist Ideology and Action, the Congredem [meaning unknown], and various students and workers' groups. We are here to protest against the arrest of demonstrators during the visit here by U.S. Vice President Dan Quayle, when more than 150 students and workers were arrested. This rally also is a part of our continuing protest actions against the presence of U.S. military bases in our country.

[Postigo] Nick, I've noticed that some of your streamers carry the phrase: Referendum: A Deception of the Nation and a Collaborator's Trick. Can you give a brief explanation for this.

[Elman] That is true. The referendum is only meant to deceive the nation, and this is a plot devised by collaborators who act as the mouthpiece of the U.S. Government in our Senate and House of Representatives. They want to retain the U.S. bases in the country. Referendum implies consultation with the Filipino people, but this is just a trick. There's no need for a referendum if the government is determined to terminate the bases agreement. Holding a referendum means that the bases will stay in the country, while renegotiation is tantamount to the retention of the bases in the country.

So what we are demanding here is the immediate removal of the military bases because they represent a plague eating up the country.

[Postigo] Nick, so as not to cause too much apprehension among our countrymen, until what time do you plan to hold your rally here?

[Elman] At the most 1930. That's why we are requesting the police to allow us to stay here up to that hour, and with the help of a captain, I forgot his name, we were allowed to stay here. We thank DZRH radio station for giving us the opportunity to air our views. Thank you very much.

Militants Assail House Speaker on Referendum Plan

HK0210085589 Manila PHILIPPINE DAILY
INQUIRER in English 1 Oct 89 pp 1, 12

[Text] The militant Bagong Alyansang Makabayan [Bayan—New Nationalist Alliance] yesterday assailed Speaker Ramon V. Mitra for his supposed concern in consulting the people on the bases issue through a referendum.

"It is a snake in the grass reminiscent of past elite maneuvers against Filipino struggles for freedom," the Bayan said in a statement signed by Loretta Ann P. Rosales, head of the group's political affairs commission.

It said the proposed referendum is "obviously intended to thwart the nationalist cry, both in and out of government, to the...unconditional dismantling of the bases."

Mitra had earlier said the House of Representatives would approve a bill calling for a referendum after negotiations on the bases, set to start in December, end. He cited the constitutional provision allowing consultation with the people on vital issues.

The Senate, which is the sole body empowered under the Constitution to ratify any treaty entered into by the Philippines with another country, objected vehemently to the proposal. It said the holding of the referendum would not only violate the charter but would also render any Senate decision on a new treaty, if any is forged, useless.

The opposition to the referendum has apparently prompted congressmen to delay action on the referendum bill despite President Aquino's pronouncements favoring "consultation" with the people on the bases issue.

BAYAN expressed surprise why Mitra would suddenly find it useful to "consult" the people who have been "kept in the dark" all these years on the bases issue.

It said Mitra seemed to have forgotten some basic facts on the issue in the face of objections to the referendum bill.

In pointing this out, BAYAN enumerated the various negotiations held on the bases issue on which the people were neither consulted nor informed.

It said that during the signing of the military bases agreement on March 14, 1947, and the subsequent agreement allowing the U.S. to use the bases for defense

combat operations and deployment of long-range missiles in the country on Oct. 12, 1959, the people were never consulted.

"Speaker Mitra did not seem to mind then the fact that Filipinos were kept completely ignorant of the dangers posed by the U.S. military operations to their country's survival and security, with Subic and Clark serving for 15 years as springboards for America's war of aggression in Vietnam," the statement said.

It added that in the subsequent five-year bases review talks in June 1983 and October 1988, both the late former President Marcos and President Aquino, respectively, reassured the U.S. of unhampered military operations in Philippine territory.

Senator on Economic Advantages of U.S. Bases

HK0210042989 Manila MANILA BULLETIN
in English 2 Oct 89 pp 1, 14

[Text] Sen. John H. Osmena said yesterday that while there are many reasons for the retention here of U.S. military bases, the primary consideration should be the contribution their presence could make toward the diminution of foreign debt through payment of rentals.

He said this could be the most important contribution of the American facilities aside from the geopolitical role that they play in the Western Pacific basin and the "protective umbrella" they provide up to the Indian Ocean.

Osmena said that as an impoverished nation, indebted to the tune of \$29 billion and devoting over P60 billion annually to debt service, the Philippines has no hope of finding P327 billion, the resource needed for the "qualifiable [as published] costs of our national interest."

As the only pro-U.S. bases senator in what has been described as an "activist" chamber, Osmena said in a previous speech the sole resource to help alleviate its predicament is the real estate that the United States occupies for its military facilities.

He said that it will cost the U.S. \$10 billion to \$12 billion to transfer the bases to another country which is far less strategic.

"The bottom line is that we have no other source of funds, either to underwrite the development requirement of P327 billion or to pay off our \$29-billion foreign debt, except to trade on the military bases," Osmena said.

He said that while the Constitution places "paramount consideration" to national sovereignty, this is "undermined and assailed as a result of the nation's weaknesses."

"Thus, our financial predicament forces us to accept conditions which are offensive to our sovereignty as in import liberalization, in the restructuring of our foreign debt and other intrusions in areas of domestic economic policy," he said.

Osmena added: "It is in our national interest to strengthen our economy so that we may be sovereign. A weak nation's sovereignty will always be threatened. There has to be a balance between our desire for sovereignty and our needs—there lies the national interest."

Osmena said: "If the U.S. bases should go, and they eventually will, there are additional 'costs' to us. The Philippines, being no longer part of the U.S. security cordon, will be of less strategic importance to the U.S. and can logically expect less American aid, trade, and investments."

"The entire U.S. economic presence, that is, private U.S. company payrolls and the trade surplus of \$64 million, amounts to \$2.3 billion," he added. [sentence as published]

He said the vacuum resulting from a withdrawal of American presence will be filled either by the "Japanization of the ASEAN, the increased presence of the Soviet Union, the emergence of aggressor states such as Vietnam, or China's overwhelming presence."

Osmena said the impediment to Philippine sovereignty does not come as a result of the presence of the bases alone, stressing that the path to the attainment of national sovereignty lies in economic recovery and political stability.

He said the remaining question is whether the stay or the termination of the bases would serve the national interest, or for how long and under what terms.

The senator said that the tenure of the bases may not be a primary consideration, adding that Vice President Salvador H. Laurel's proposal for a five to 10-year phaseout is "realistic in the light of the disarmament development."

"Conceivably, in 10 years the bases may be phased out," Osmena said.

Debt Service Payment Reaches \$2.39 Billion

HK0210045389 Manila THE MANILA CHRONICLE
in English 2 Oct 89 p 11

[Report by Arleen Chipongian]

[Text] The country paid P [pesos] 52.70 billion (\$2.39 billion) as of September 7 this year for debt service payments to both local and foreign creditors, according to official statistics.

These payments accounted for 49 percent of the national government's expenditures of P107.35 billion from January 1-September 7 this year.

Of the payments made, P35.55 billion (1.61 billion) went to interest amortization, with P9.04 billion or \$410 million going to foreign creditors and P26.51 billion or \$1.205 billion paid out to local creditors.

Principal payments totalled P17.15 billion or \$779.54 million, with P8.19 billion or \$372.27 million going to foreign creditors and the balance of P8.96 billion or \$407.27 million to domestic lenders.

For this year, programmed debt service obligations reached P91.18 billion or \$4.14 billion, according to statistics prepared by the departments of Budget and Management, Finance and the Bureau of the Treasury.

This shows that debt service payments will eat up 55 percent of the national government's target expenditures level of P165.20 billion.

However, a government official said that interest payments this year may go up by a substantial P5 billion, owing mostly to rise in domestic interest rates.

The DOF [Department of Finance] and the Central Bank, as fiscal agents of the national government, had to make government securities more attractive by increasing their yields to entice more peso investments.

Interest rates of 91-day Treasury bills, considered a barometer of short term lending rates, shot up to 23.3 percent last month, thus leading to rise in commercial interest rates likewise rose to as much as 27 percent.

Official statistics showed that some P34.76 billion (\$1.58b) of the total debt service payments this year represent assumed liabilities of the national government incurred from bad debts of government financial institutions.

De Villa Claims Success in Counterinsurgency

HK0310094789 Quezon City Radyo ng Bayan in Tagalog 0900 GMT 3 Oct 89

[Report by Sel Baisa]

[Text] General Renato de Villa today said that the Communist Party of the Philippines [CPP] and its military arm, the New People's Army [NPA], continue to suffer setbacks. He made the assessment based on documents seized by the military.

According to the documents, the underground movement is suffering from a grave shortage of competent leaders and men. The documents also revealed CPP-NPA weaknesses in all aspects ranging from its fighting power to organization of indoctrination classes. The CPP-NPA admitted that the military's intensified campaign against the insurgency movement has dealt a big blow to the organization.

De Villa Admits Threat to National Security

HK0310025989 Manila PHILIPPINE DAILY INQUIRER in English 3 Oct 89 p 7

[Text] Armed Forces chief Gen. Renato de Villa admitted last night that there is a threat to national stability but denied that the threat would come from the military.

"The threats to our national security and stability exist...whether from the extreme left, extreme right, from the secessionists, from anywhere," he said. "We do not discount anything."

De Villa assured newsmen that the Armed Forces chain of command is "intact and functioning effectively."

"There might be some sectors from the threat groups that continue to entice (the troops)...These could be happened. [as published] But as far as we know, we are still in full control of the AFP [Armed Forces of the Philippines]," he said.

De Villa earlier presided over command conference in Camp Aguinaldo yesterday, the second command conference since the death of deposed President Marcos last Thursday.

The conference was attended by top military commanders nationwide. Also present were Defense Secretary Fidel V. Ramos, Presidential Adviser of Military Affairs Jose Magno, and some defense undersecretaries.

A contingent of Philippine Marines was pulled out from Fort Bonifacio at dawn yesterday and deployed to secure Camp Aguinaldo, site of a bloody coup attempt on August 28, 1987.

De Villa confirmed the troop movement saying the soldiers are on standby "for any situation that may arise in Metro Manila."

De Villa, however, stressed that the situation is normal. "It's unfair to classify the situation...that we are on the brink of something terrible."

He maintained thought that the "threat situation exists."

He said "a worst scenario" may take place if all the threat groups will stage "a simultaneous, even if uncoordinated, violent action."

He said that the Moro National Liberation Front, which has been threatening to resume hostilities in Mindanao, and the communist rebels may stage widespread urban terrorism.

He said the ultra-rightists can also launch "major destabilization" action to take advantage of the emotionally-charged situation following the death of the former president.

"Mix all these and you have a worst-case scenario," he said.

He said the AFP has a contingency plan to avert any violent situation. "It is basically a public safety plan to make sure that nobody gets hurt," he said.

Sabotage Ruled Out in Metro Manila Power Outage

*HK0210132589 Manila Radio Veritas in Tagalog
1300 GMT 2 Oct 89*

[Text] Another city-wide brownout occurred in Metro Manila shortly before noon today. According to Pat Gutierrez of the National Power Corporation [NPC], the power outage was caused by power line tripping at the NPC's power plant in Binan, Laguna. This was the second time in a week that such a problem has occurred at the Binan power plant, which supplies electricity to the Manila Electric Company, which in turn distributes it to Metro Manila.

However, Ms Gutierrez gave assurance that the power tripping was not caused by sabotage action:

[Begin Gutierrez recording] This is what happened: When a power line trips, no power coming from other plants can be transmitted. Consequently, an automatic shutdown takes place in the other plants for their own safeguard. Otherwise, without an automatic shutdown, the plants might be overloaded and greater destruction ensue, such as explosion. Thus, the moment tripping occurs, the plants shut down automatically. However, there is no need for panic because there is no evidence of sabotage. [end recording]

Rebels Said Infiltrating Citizen Military Units

*HK0210041689 Manila PHILIPPINE DAILY GLOBE
in English 2 Oct 89 p 7*

[Text] Communist rebels are trying to infiltrate various Citizen Military Training [CMT] units, particularly those in so-called left-leaning schools.

Documents recently captured by the PC [Philippine Constabulary] Criminal Investigation Service and declassified yesterday, said the Communist Party of the Philippines [CPP] had embarked on a program to infiltrate CMT units, "with the eventual aim of infiltrating the AFP." [Armed Forces of the Philippines]

Majority of commissioned officers in the Armed Forces come from the CMT.

An intelligence analyst said the CPP may have embarked on the program to infiltrate the CMT units because "of their failure to install moles at the Philippine Military Academy."

"Infiltration of the AFP is a logical program for the CPP-NPA [Armed Forces of the Philippines] so that they can speed up their so-called protracted war against the government," the same analyst said.

As a result of the reports, military authorities have started checking on the backgrounds of cadets who want to be cadet officers, as well as those who wish to take the four-year advanced CMT course.

Graduates of the advanced CMT course are qualified to be commissioned as reserve second lieutenants in the ground forces and the Air Force or ensigns in the Navy.

A reserve commissioned officer may apply for active service or could be called to active duty if the situation warrants.

Other documents declassified yesterday said militant student leaders who expressed disapproval to the now-halted purge of suspected government deep penetration agents in the communist movement would be liquidated and the killings would be blamed on the government and the AFP.

The documents said the student leaders are enrolled in schools in the southern Tagalog and Southern Mindanao regions.

Senior party leaders have ordered the killing of the "intransigent" student leaders in order to "cleanse the ranks of the party as well as "promote the propaganda effort."

New People's Army guerrillas who were forced to evacuate to metro Manila because of intensified military operations in the provinces have been tasked to conduct the liquidations, the documents said.

Rebel Documents Reveal Plan To Kill Students

*HK0210022389 Manila Far East Broadcasting Company
in English 2300 GMT 1 Oct 89*

[Text] The CPP-NPA [Communist Party of the Philippines-New People's Army] plans to liquidate student leaders who have expressed discontent over the policies laid on them by the top leadership of the Communist Party of the Philippines and its military arm the New People's Army. Captured communist documents reveal that a number of militant students and labor leaders have expressed disappointment with the policies on mass purging and some (?executions) within the party as ordered by top CPP-NPA leaders, particularly in the Southern Tagalog region and Davao Province. As this developed, communist hit men operating in Metro Manila and other urban centers have identified some members of the student cadet corps for liquidation that were tapped by the military for intelligence gathering of activities of a number of campus organizations working for the underground movement.

Communist Leader Admits Political Losses

*HK1809124589 Manila THE MANILA CHRONICLE
in English 17 Sep 89 pp 1, 4*

[Report by correspondents Dee Batnag and Julie Javellana]

[Text] Detained communist leader Saturnino Ocampo has denied charges of factionalism within the underground movement, but admitted "political losses" and said "certain problems" were being worked out in the process of sustaining growth.

In a 14-page, handwritten letter read by his brother-in-law before a UP [University of the Philippines] forum, Ocampo also acknowledged the movement suffered "temporary disarray" shortly after the highly-popular Mrs Aquino came to power, but "political unity" was soon achieved in 1987.

"The new regime is basically no different from the U.S.-Marcos regime in its line, program and policies," he said in a letter, a copy of which was obtained by THE CHRONICLE.

He said the National Democratic Front (NDF) has not relented in its campaign against government's "abhorrent obsequiousness" towards the U.S. and urged President Aquino to remove the bases after 1991.

Among the problems plaguing the movement, according to him, were the "acute need for seasoned cadres" and the need for legal organizations to "overcome (the) fear" of being associated with the Left.

"Efforts are being redoubled to produce tens of thousands of new cadres and mass activists to confront the multiplying tasks in both the countryside and urban areas," he said.

According to him, the movement could hardly keep up with its "fast pace of territorial expansion" requiring cadres to be assigned to more "challenging" jobs.

The armed forces (AFP) has said rebel strength has declined by 8 percent from 25,800 to 23,060 due to surrenders, arrests, and continuing disenchantment of party leadership.

A few months ago, the military unearthed graves in Laguna and Quezon of hundreds of communist sympathizers suspected to be government spies.

A New Peoples Army (NPA) command based in Davao was held responsible for the death of 37 Ituman cult members in Davao del Sur, and the barbaric beheading of two of the corpses. The party leadership pledged to bring to trial and punish the rebels involved.

Without directly referring to the mass purge dubbed "Operation Missing Link" Ocampo admitted "some sections" of the movement committed "serious political and military errors".

He said the leadership took "decisive measures to rectify these mistakes" which the military has capitalized on for propaganda.

He also urged progressive groups to "close ranks" to defend themselves from charges that they were communist-infiltrated.

"If it is a question of self-preservation...I believe the right step is not to cop out but rather to close ranks...to mount an effective counter-attack," Ocampo said.

Mindanao Firearms Ban Takes Effect 4 Oct

HK0310015989 Manila Far East Broadcasting Company in English 2300 GMT 2 Oct 89

[Text] The firearms ban in Muslim Mindanao takes effect tomorrow at the start of the campaign period for the November 19 referendum in 9 cities and 13 provinces in Mindanao.

Comelec Commissioner Leopoldo Africa said the firearms ban will cover all residents in the plebiscite areas including members of the Moro National Liberation Front and the New People's Army. He said the ban prohibits any person to carry any kind of firearms outside their homes whether it is licensed or not during the campaign period and referendum day.

Rights Abuses Feared From Negros Military Sweep

HK0310031989 Manila MANILA BULLETIN in English 3 Oct 89 pp 1, 18

[Report by correspondent Jaime Espina]

[Text] Bacolod City—Barely two weeks after the the military announced the start of "Operation [Occident]," an islandwide offensive involving seven Army battalions, against the New People's Army, evacuations have once more hit two towns in the central and northern parts of Negros Occidental.

The latest evacuations have prompted human rights groups and other observers to express fears that this could be the start of mass displacements on a larger scale than that which hit southern Negros in April and May when 35,000 hinterland dwellers sought the safety of town centers in the wake of "Oplan [Operation Plan] Thunderbolt," resulting in the deaths of almost 300 children from diseases that broke out in the crowded evacuation centers.

In the central Negros town of Binalbagan, 72 kilometers south of Bacolod, more than 300 civilians from the three upland villages have been staying at the compound of the Binalbagan Catholic college [BCC] for more than a week now, after being victimized by atrocities allegedly committed by Army troops. Citizens Armed Forces Geographical Units (CAFGU's) and religious fanatics operating in the area.

The refugees, from barangays Santol Amontay and Bi-ao, said they were forced to flee after government forces burned their houses, looted their livestock, arrested or killed several of their neighbors, and conducted forums where soldiers ordered them to join the Greenmians and the Putians, religious fanatic groups that have been blamed for a series of killings in the southern Negros town of Hinobaan.

The refugees identified two of those killed as Quilito Mahinary, 25, of Barangay Santol, who was found dead after being apprehended by soldiers for not having a residence certificate, and a certain Gamay of Barangay

Amontay who was reportedly shot dead by CAFGU's while gathering edible snails.

The local Task Force Detainees of the Philippines (TFDP) office said it had documented at least 25 cases of house burnings allegedly by Army troops and fanatics.

Teofisto Ramos of Barangay Bi-Ao said that he and six other men were apprehended by CAFGU's and at gunpoint forced to set fire to several houses in Sitio Anahaw in nearby Himamaylan town.

Mrs. Sonio Chan, dean of the BCC arts department and an official of the church-based Task Force Evacuees, said more refugees were expected to seek the safety of the school as military operations in the hinterlands intensified.

Several refugees, however, said that scores of their neighbors and relatives on their way to the town were stopped by Army troops and made to billet themselves near the Barangay Santol detachment.

Meanwhile, news of the evacuation in Binalbagan has prompted the Provincial Social Welfare Office and the Negros Relief and Rehabilitation Center, a non-government group, to send emergency relief goods to the town.

Communists Seek 'Public Apology' From Ex-Leader

HK1809123189 Quezon City MALAYA in English
15 Sep 89 p 2

[Text] The top leadership of the Communist Party of the Philippines [CPP] is demanding that captured former CPP Chairman Rodolfo Salas issue a public apology and undergo disciplinary action for accusing a comrade of turning him over to the military, the Constabulary said yesterday.

In a report to Maj. Gen. Ramon Montano, PC-INP [Philippine Constabulary-Integrated National Police] chief, Brig. Gen. Gerardo Flores, PC-INP intelligence chief, said captured communist documents show that the CPP executive central committee also demanded that Salas' wife Josefina Cruz issue a public apology for accusing Ricardo "Bong" Reyes, a member of the CPP Executive Central Committee, of turning over her husband to the military.

Shortly after his capture in 1986, Salas demanded an investigation of a possible conspiracy among some ranking members of the CPP Central Committee that resulted in his arrest. He said some committee members wanted to remove him from the party's leadership.

Salas was arrested by PC agents on Sept. 29, 1986 in front of the Philippine General Hospital in Manila where he went to get a medical checkup.

Flores said the captured documents, which were among those seized from rebel leaders Satur Ocampo and Carolina Malay during their arrest last July 27, consisted of handwritten notes believed to have been taken during a

politburo meeting last March. It showed that the CPP Central Committee asked Salas to issue a public apology to Reyes whom he suspected of making the phone call that led to his arrest.

"Due to the negative effects to the party of Salas' allegations, the politburo has decided to subject Salas and his wife to disciplinary action," the documents allegedly stated.

Slower Economic Growth Foreseen for 1989

HK3009081489 Manila MANILA BULLETIN
in English 30 Sep 89 p 25

[Report by Ernesto Tolentino]

[Text] The economy is projected to grow at a real rate of between 5.5 and 6.0 percent this year, slower than last year's 6.8-percent record.

The National Economic and Development Authority (NEDA) based its 5.5-6.0 percent real growth projection for the 1989 gross national product (GNP) on expectations that the second-half economic performance would be better than the first semester's 5.3 percent.

It however clarified that the "upstick" in the overall performance of the economy for the second semester would largely depend on the following: the short duration of the prevailing high interest rate regime; the early alleviation of the tight foreign exchange situation, and less destructive typhoons.

The projection implied that a prolonged high interest rate regime could adversely affect the economy as this would discourage domestic investment and, at the same time, contribute to an increase in the cost of production and or distribution.

Continuing foreign exchange shortage, coupled with an unfavorable weather condition, could likewise have a negative impact on the overall performance of the economy.

NEDA's national planning and policy staff director, Ponciano S. Intal Jr., observed in a paper he read before members of the Corporate Planning Society of the Philippines (CPSP) that the growth of the economy this year has been increasingly investment-led, making up for the slower GNP growth rate of 5.3 percent for the first half compared to 7.0 percent registered in the same period last year.

Capital formation posted a robust 27.4 percent growth during the semester or higher than the 19.4 percent expansion during the first semester last year.

Investments in durable equipment grew at a remarkable rate of 37 percent.

Construction investments (both government and private) were also up.

He noted that the economy continued to grow at a respectable rate during the first half of the year. National output (gross domestic product) grew by 5.7 percent while the national income (real GNP) rose by 53 percent over levels registered in the same period in 1988.

Intal explained that the large gap between the growth rates in real GNP and GDP merely reflected the deterioration in the country's net factor income from abroad "arising from the country's debt service burden."

Noteworthy, he said, was the acceleration of the economy during the second quarter (April-to-June).

The NEDA official however commented that the economy's growth performance this year, and even of last year, was obtained at a cost of a growing economic imbalance.

The improvement in economic activity, trade liberalization and the investment upsurge have led to a much sharper rise in imports than exports, resulting in a fall of the gross international reserves (GIR) from a comfortable level of about three months worth of imports at the start of 1988 to only 1.4 months worth at present, Intal observed, adding that as "a consequence there is pressure on the exchange rate as indicated by the black market premium."

The inflation rate has been accelerating and signs are it would worsen during the remaining months of the year, peaking in October and then decelerating afterwards.

Increased Raw Sugar Production Reported

HK0310031589 Manila BUSINESS WORLD
in English 3 Oct 89 p 2

["Indicator" column: "Raw Sugar Production"]

[Text] Total raw sugar production reached 1.59 million metric tons [MT], exceeding both the previous crop year's volume of 1.37 million MT and the targeted production of 1.55 million MT for crop year 1988-89. The output was more than enough to meet this year's domestic and international requirements. Domestic requirements were estimated at 1.4 million MT. International requirements are about 10 percent of the country's total production.

The Sugar Regulatory Administration [SRA] attributed the growth to the determined efforts of sugar planters to increase sugarcane hectareage and to the high raw sugar prices in both the domestic and world markets.

The uptrend was apparent as early as the start of the 1988-89 crop year last September 1988. Although it slightly dipped by 2.23 percent in November and 5.12 percent in February, production steadily grew and consistently outpaced year-ago levels.

Both crop years followed a similar pattern since their production levels gradually increased at the start of the crop year and reached the peak in March.

According to the SRA, this reflects the production schedules sugar mills observe in the different parts of the country.

Sugar exports to the U.S. saw substantial growth when the U.S. jacked up the Philippines' quota from 139,761.84 MT to 160,747.82 MT. This was spurred by the severe drought that crippled the U.S. sugarcane and corn belt areas last year. Actual shipments during both crop years, however, were slightly higher at 139,950.04 MT and 161,233 MT respectively. This was because the United States Department of Agriculture accommodated an additional amount to offset weight loss brought about by evaporation in the process of shipping.

These positive developments are expected to continue for the current crop year 1989-1990. Production has been projected to reach a high 1.7 million MT while the sugar quota to the U.S. has been increased to 298,975 metric tons. The latter came in wake of the tight sugar supply in the U.S. marked due to slow deliveries from Brazil and the failure of Panama to deliver its quota allocation.

Other countries are also expected to import raw sugar. SRA sources said that if negotiations push through, Singapore is expected to import 50,000 MT. South Korea has also asked for allocations. Pakistan on the other hand, has imported 12,100 MT of refined sugar and awaits an additional 22,500 MT.

Raw Sugar Production (in metric tons)

	Crop Yr. 1987-88	Crop Yr. 1988-89
September	210	9,148
October	19,660	44,523
November	86,981	85,039
December	176,203	223,370
January	203,230	244,009
February	269,924	256,095
March	282,770	282,979
April	172,780	201,982
May	95,953	119,361
June	45,089	73,687
July	14,508	33,051
August	1,608	17,180
Total	1,368,916	1,590,424

Source: Sugar Regulatory
Administration

Gonzalez Denies Setting Condition for Party Post

HK1809025189 Manila Far East Broadcasting
Company in English 2300 GMT 17 Sep 89

[Text] Senator Gonzalez denied that he accepted the presidency of the Laban ng Demokratikong Pilipino [Struggle of Philippine Democrats] on condition that he would be named the next Senate president. Senators, meanwhile, dismissed the reported move to oust Senate President

Jovito Salonga from his post and install Gonzalez saying the move would not prosper for lack of votes.

Manglapus Views Legislators' Cambodia Visit

HK0210090389 Manila *PHILIPPINE DAILY INQUIRER* in English 1 Oct 89 p 10

[Excerpt] Foreign Secretary Raul Manglapus said yesterday that the five congressmen who visited Cambodia in connection with the withdrawal of Vietnamese troops from that country "are not representatives of the Philippine Government."

In a telex from New York, Manglapus said that the five legislators "went in their capacity as members of Congress."

According to reports reaching the home office, five congressmen led by Rep. Jose de Venecia and several newsmen witnessed Phnom Penh's rousing farewell early this week to thousands of Vietnamese troops which headed for home after a decade of policing Cambodia.

Vietnam invaded Cambodia in December 1978 and overthrew the bloody Pol Pot regime which had carried out a ruthless agrarian revolution that killed more than one million Cambodians.

In making the clarification, Manglapus reiterated the Philippine Government's "conviction that the withdrawal of all foreign forces from Cambodia is the principal component of a just, lasting and comprehensive political settlement of the Cambodian problem."

He also reaffirmed the government's support for the "creation of an interim administering authority in Cambodia and the promotion of national reconciliation among all Cambodians under the leadership of Samdech Norodom Sihanouk."

Earlier, Foreign Undersecretary Jose Ingles said that "to avoid the mistakes of the past, the United Nations should be able to fulfill its peacekeeping role in Cambodia."

The Cambodian people should have full freedom to adopt their own constitution and choose their own form of government, Ingles added. [passage omitted]

Enrile Criticizes Recognition of PLO

HK0310030989 Manila *MANILA BULLETIN* in English 3 Oct 89 pp 1, 18

[Text] Senate Minority Floor Leader Juan Ponce Enrile described yesterday as "unfortunate" the recognition by the Philippine Government of the Palestine Liberation Organization (PLO) as announced recently by Foreign Affairs Secretary Raul Manglapus.

Enrile also said the recent "controversial" Tunisian trip of Sen. Leticia Ramos Shahani, chairperson of the Senate Foreign Relations Committee, and her meeting with PLO Chairman Yasir 'Arafat may have a bearing on the PLO recognition.

Shahani was earlier questioned by Enrile on the Senate floor after the lady senator admitted that her trip and two-day stay in Tunis was paid for by the PLO.

Enrile intimated that the PLO should not have been recognized as yet since the question of its recognition is still pending in the Senate.

The Senate should have been involved in the formulation of a policy such as the PLO recognition question, Enrile insisted.

"It was done like a bolt of lightning in the sky," Enrile said in describing the "suddenness" of the recognition made by Manglapus while at the United Nations.

The lone oppositionist in the 23-man Senate said he had opposed the recognition of the PLO since it lacked three fundamental requisites to become a state.

Any new state, to be recognized, must have its territory, people, and seat of power, and the PLO does not have these requisites, Enrile said.

He also doubted whether the PLO can control or influence the Moro National Liberation Front (MNLF) against causing trouble or resuming hostilities in Muslim Mindanao as assured Shahani by Arafat. Nether can the MNLF control or influence the PLO, Enrile said.

Thailand

Delegation To Present Drug Plan to U.S.

BK3009052189 Bangkok *BANGKOK POST* in English 29 Sep 89 p 26

[Text] Thailand is hopeful the United States Trade Representative [USTR] will accept the monitoring of new drugs marketed here for two years starting next month.

Thailand also plans to repeat its call for the US to remedy its "unfair" measures against several Thai exports to that country.

The messages will be the two major points conveyed by the Thai negotiating team headed by Commerce Permanent Secretary Phatchara Itsaraseng when it meets with its American counterpart in Washington from October 3-4.

A delegation member who asked not to be identified said yesterday the Thai mission was hopeful the USTR would accept Thailand's interim monitoring measures even though the US Pharmaceutical Manufacturers' Association [PMA] has rejected the proposal.

Describing the PMA rejection as simply a private sector view, the official said he expected the USTR to decide otherwise.

He said the PMA rejection might be based on a report compiled by the Bangkok-based Pharmaceutical Products Association [PPA] which represents multinational trading companies distributing foreign-made drugs.

PPA members are thought to be dissatisfied with the Thai Food and Drugs Administration's [FDA] failure to consult them on next month's planned introduction of the interim measures.

The source said the FDA had to enforce the new regulations as soon as possible before Thai and US officials meet again to discuss developments on the intellectual property rights issue which includes increased patent protection for pharmaceuticals.

The interim measures planned for adoption by Thailand will protect new drug products introduced in the next two years, while restricting their distribution to allow bioequivalent testing.

Thailand told the USTR about the planned interim measures at a meeting in Phattaya in late July.

The Thai delegates to the meeting also assured their US counterparts that the measures would not be too much of a burden on drug distributors despite certain requirements.

They said PMA members could withdraw from the programme if they wanted but had to inform the FDA in advance.

Describing the interim measure as a "bridge" to resolve problems, the officials said it was the best solution which the Thai Government could offer the US while an amendment to the law was still pending.

"The USTR will have to weigh between what it wants Thailand to do and the PMA's rejection," he said.

The official also said Thailand would inform the US about the planned formation of a working committee to revise the patent law plus plans to monitor the latest developments on the issue under the General Agreement on Tariffs and Trade.

He said Thailand had prepared a paper urging the US to review its measures and regulations, including the voluntary restraint agreement on steel products, countervailing duties and the US Farm Act, which impede Thai exports to the US.

The official said Washington had not done anything about these matters despite two earlier requests from Thailand.

"On one hand, Washington wants others to take action to improve things, but on the other it is doing things wrong and refuses to correct them."

He said it still remained unclear whether Thailand would allow imports of foreign cigarettes.

Mr Phatchara's team, which has already received a mandate from the Cabinet, will meet on October 1-2 in Washington to discuss the position to be taken prior to the meeting with the USTR.

U.S-Thai Air Traffic Talks Conclusion Delayed

BK0210025789 Bangkok THE NATION in English
2 Oct 89 p 13

[Report by Phatchari Luang-Uthai]

[Text] The US proposal for unrestricted use of its computer reservation systems or CRS in Thailand has emerged as a major stumbling bloc in the long-running negotiations on air traffic rights between the two countries, according to senior government officials.

US negotiators only raised the CRS issue in the last round of talks in Bangkok between September 7-8. Sisuk Chantharangsu, director-general of the Department of Aviation and a member of the Thai negotiating team, said it is uncertain at this stage whether Thailand could accept the US proposal.

He said the Thai side will have to conduct a thorough study on the proposal because computer reservation systems are not yet in operation in Thailand. The systems, designed for the airline and travel industry, are already used widely in North America.

Since such systems are new to Thailand, officials lack sufficient data on their impact on the local industry and are unable to make an assessment. Sisouk said Thai negotiators will report the US proposal to higher authorities, including Sripum Sukkhanet, permanent secretary for the Transport and Communications Ministry.

The Thai negotiating team is expected to receive guidelines as to how they should handle the proposal. However, the proposal already further delayed a conclusion for the new bilateral aviation agreement because negotiations had been conducted in form of a package.

The conclusion could be reached only when both sides accepted all relevant conditions. The US is unlikely to back off on the CRS issue as its officials have stressed the significance of CRS.

The Thai negotiating team is headed by Mahidon Chantharangkurn, deputy permanent secretary for the Transport and Communications Ministry.

The CRS issue was unprecedented in the two-year-old bilateral negotiations in which Thailand had repeatedly sought US approval for more traffic rights for Thai Airways International to fly into US cities via Tokyo.

American officials appeared to have drastically softened their stance on the Thai request for more flights in the Bangkok-Tokyo-US sector during the last two-day negotiations but they, instead, raised the CRS issue.

If the issue were not raised for Thailand to allow liberal use of American computer reservation systems in the local airline and travel industry, both sides would be near agreement on the new bilateral aviation pact, according to Thai officials.

According to the latest US position on traffic rights, THAI will likely be allowed to operate more than four weekly flights to US cities.

Sources at THAI told THE NATION that officials must be careful when handling the CRS issue. They were not puzzled by why the US would like to have unrestricted rights to operate their systems in Thailand. Major systems based in the US reportedly have been making considerable profits, estimated at no less than US\$150 million per annum.

If these systems are expanded into the Thai market, their networks will likely earn more profits. Some systems have already reached agreements to cooperate with non-American ones in Europe, and Asia and Pacific.

Soviet Official Discusses Aid to Phnom Penh

*BK0310011589 Bangkok BANGKOK POST in English
3 Oct 89 pp 1, 3*

[Text] The Soviet Union may supply more sophisticated weapons to the Phnom Penh regime in Cambodia if it is threatened by the Khmer Rouge, a Soviet journalist and political analyst said yesterday.

But Edvard Ryabtsev of the Soviet Government's NOVOSTI Press Agency said in a Soviet Embassy press briefing the situation had not yet reached that stage.

He also said Moscow would never become directly involved in the conflict.

Although Mr Ryabtsev spoke unofficially, his views are believed to reflect the thinking of senior political planners in Moscow.

Mr Ryabtsev said he foresees a similar situation in Cambodia to that which has developed in Afghanistan.

He said the Kabul Government in January this year asked Moscow to supply Scud tactical rockets after it felt threatened by the Mujahidin which started to receive more sophisticated weaponry.

"At present there is no such situation (in Phnom Penh) that calls for an escalation," he said.

But if Phnom Penh is threatened, it might request more sophisticated weaponry, Mr Ryabtsev said.

The Soviet analyst said Moscow would have to comply with such a request.

"If they (Phnom Penh) ask (for the weapons) I think we will do it," he said, adding "but we don't want to do it."

The analyst said if Moscow is asked to supply the weapons and does so, the escalation of arms supplies will not help solve the current conflict.

The Khmer Rouge is the strongest of the three guerrilla factions fighting the Phnom Penh government and is believed to have 30,000 to 40,000 fighters armed by China.

Moscow is the major backer of the Phnom Penh regime.

Dr A. Beltchuk, the counsellor of the Soviet Embassy in Bangkok who was present at the briefing also agreed that Moscow did not want to get involved in the Cambodian conflict.

He said he could not comment, however, on whether he agreed with Mr Ryabtsev's belief that more sophisticated weapons could be used if Phnom Penh is threatened.

Mr Ryabtsev also said he thinks Moscow would stop using the military facilities in Cam Ranh Bay.

He said the Soviet presence in Cam Ranh Bay cast a shadow on Moscow's efforts over promoting peace in the region.

"I predict in the nearest future the Soviet Union will change its policy on (use of the facilities)," he said.

The base, located some 350 kilometres northeast of Ho Chi Minh City, was built by the United States during the Indochina war and includes a deepwater harbour and airstrip.

The analyst quoted Soviet President Mikhail Gorbachev as saying Moscow did not want military bases abroad.

"I understand him to mean we are ready at any time to withdraw all our equipment and vessels which may be stationed in this area," he said.

Asked if Moscow would withdraw from Cam Ranh Bay unilaterally, Mr Ryabtsev said: "Why not?"

The analyst said Moscow's position regarding the bases has nothing to do with the US presence in the Philippines, namely Subic Bay and Clark Air base.

Military Spokesman Comments on SRV Charges

*BK0310101189 Bangkok MATICHON in Thai
2 Oct 89 p 21*

[Text] The SPK radio [as published] of Laos reported that a number of Khmer Rouge soldiers who crossed into Laos from Ubon Ratchathani Province for sabotage in Laos were killed by Lao authorities. No further details were given.

Lieutenant General Narudon Detpradiyut, director of the Supreme Command Information Office, meanwhile, said that he would have to check for the details once again regarding the charge against Thailand made by Hanoi radio. He said the matter will be followed up by the Foreign Ministry, which is in charge. He reiterated that Thailand has no policy of launching an aggression campaign against anyone.

"Let them say whatever they want. Thailand has nothing to do with it. Whoever wants to make accusations against Thailand, they can do so because it is their right. Nevertheless, we do not want to quarrel with anyone. We

want to have peace and to implement our prime minister's policy of turning the battlefield into a marketplace," Lt Gen Narudon said.

With reference to a remark made by Deputy Foreign Minister Second Lieutenant Praphat Limpaphan, who anticipated an increase in weapons smuggling along the Thai-Cambodian border, Lt Gen Narudon said: "Thailand has nothing to do with who sells or buys the weapons, and who is supporting whom. Please do not involve Thailand. If they want to fight, let them fight inside their country, but do not cross into Thailand. We are not interested in others' affairs. If they want to fight, let them fight. We have already done our best."

Accusation Termed 'Unfounded'

BK0210144989 Bangkok Voice of Free Asia in Thai 1030 GMT 2 Oct 89

[Station commentary: "Vietnam's Impasse After Announcing Troop Withdrawal"]

[Text] The withdrawal of Vietnamese troops from Cambodia was carried out amid the doubts of people throughout the world because there was no monitoring and verification by a UN-sponsored international mechanism and because it was not in the framework of a comprehensive settlement of the Cambodian problem. This has led to fighting between forces of the Coalition Government of Democratic Kampuchea [CGDK] and the Heng Samrin regime in various Cambodian localities in a contest for power.

The Vietnamese leaders, instead of admitting their mistake, have taken the opportunity to accuse Thailand of supporting armed infiltration groups of Vietnamese refugees in Thailand, described by Hanoi radio as reactionary Vietnamese-in-exile backed by Thailand to carry out acts of infiltration and subversion in Vietnam in the past 2 months. Meanwhile, the official radio of Laos, Vietnam's ally, echoed Vietnam's accusation by reporting that on 25 August, Lao authorities managed to kill and capture as many as 68 Vietnamese-in-exile while they were attempting to cross the Mekong river from the Thai side into Laos.

Dear listeners, such an unfounded accusation by Vietnam's leaders and Vietnam's ally is a real joke. The Vietnamese leaders meant to divert world attention from the Vietnamese troop withdrawal from Cambodia as there is now substantiated proof that there are still many Vietnamese soldiers in Cambodia, and that the troop pullout was just shallow propaganda. If the withdrawal of its troops from Cambodia were sincere, Vietnam should have accepted monitoring by a UN-sponsored international mechanism to verify the troop pullout. Vietnam's intransigence in rejecting an internationally accepted mechanism has cast doubt on Vietnam's sincerity in the eyes of the international community. There are suspicions that Vietnam was trying to secretly retain troops and weapons in Cambodia in the guise of Heng Samrin soldiers in order to continue its control of

Cambodia. Otherwise, Vietnam would not have had to resort to such a mysterious method of troop withdrawal. As a result, it is widely known that there are still a large number of Vietnamese soldiers in Cambodia to support military operations by Heng Samrin soldiers fighting the patriotic forces of the CGDK.

All Thai governments in the past have upheld a policy of noninterference in the internal affairs of neighboring countries. Especially when it comes to the problem of Cambodia, the Thai Government has never given military support to any forces operating in Cambodia. On the contrary, the Thai Government has been cooperating with all peace-loving countries throughout the past 10 years in efforts to find a solution to the fighting and restore genuine peace to Cambodia.

We are well aware that Vietnam is plagued by numerous problems, both internal and external, which are a result of the 10-year Vietnamese military occupation of Cambodia. For this reason, the Thai Government, under General Chatchai Chunhawan, is strongly intent on promoting relations with Thailand's neighbors in Indochina. Thailand is willing to help those neighbors rebuild and restore their countries after settlement of the Cambodian problem. This is reflected by its foreign policy of turning the battlefields into a marketplace, which is aimed at promoting prosperity and serving the common interests of the people throughout the entire region.

Moreover, any subversive action against Vietnam would come rather from Vietnam's domestic administration because of the fact that the Vietnamese leaders are obsessed with dictatorial power and firm in their policy of violence for occupation of a neighboring country, turning a deaf ear to the voice and desire of the Vietnamese people who are the owners of the country. This has resulted in a mass exodus of Vietnamese people. Those remaining in Vietnam are subjected to oppression by the communist party leaders. Acts of infiltration, of subversion, and of counteroperations are normal reactions to oppression.

Anyway, it is impossible for Thailand to have sponsored such activities as Vietnam has accused because, as we have already said, it is Thailand's policy to promote friendship with its neighboring countries and not to interfere in their internal affairs.

For the above reasons, the conclusion can be drawn that, by making an empty accusation against Thailand, the Vietnamese leaders and Vietnam's ally were only trying to divert world attention away from the Vietnamese troop withdrawal from Cambodia, which is in fact a stage drama produced to deceive the world. People with justice will never listen to Vietnam's empty words. People throughout the world are fully aware of the fact that Vietnam has no real intention of withdrawing its troops from Cambodia, but still cherishes a scheme of keeping Cambodia under its control. Concerning acts of infiltration and subversion against Vietnam, if any, as charged by the Vietnamese leaders, we hold that it is Vietnam's internal affair. The

Vietnamese leaders should examine themselves and try to solve their problem by themselves. This would be better for them than making slanderous charges against a neighboring country.

Austrian Chancellor Arrives for 2-Day Visit

*BK0110140289 Bangkok Army Television Channel 5
in Thai 1300 GMT 1 Oct 89*

[Text] At 1020 this morning, Austrian Chancellor Franz Vranitzky and party arrived at the Air Force headquarters airport for an official 2-day visit to Thailand as guests of the Thai Government. They were welcomed at the airport by Deputy Prime Minister Phong Sarasin, who escorted them to the Air Force reception room. The Austrian visitors then proceeded to the Oriental Hotel where they will stay during the visit. Later, they had lunch with Deputy Prime Minister Phichai Rattakun at the hotel's Normandy Grill.

Chancellor Ends Visit 2 Oct

*BK0310081089 Bangkok Army Television Channel 5
in Thai 1300 GMT 2 Oct 89*

[Text] Austrian Chancellor Franz Vranitzky and his party left Thailand at 1030 on 2 October for Japan, ending a 2-day official visit here as guest of the Thai Government. The group was seen off at the Bangkok airport by Deputy Prime Minister Phong Sarasin, who is acting prime minister, and several officials from the Prime Minister's Office.

The Austrian chancellor's visit to Thailand was aimed at strengthening bilateral relations. During the visit, the Austrian delegation held official discussions with the Thai Government delegation led by Deputy Prime Minister Phong Sarasin. The discussions took place on the arrival day of the Austrian team—1 October. After his visit to Thailand, the Austrian chancellor will visit Hong Kong and Japan as guests of the governments of those countries.

Before the Austrian chancellor's departure, he was presented with a gift and a fresh flower garland by Deputy Prime Minister Phong. The Austrian chancellor asked the deputy prime minister about the art of making Thai flower garlands. He said he is interested in the way those flower garlands are made. Deputy Prime Minister Phong Sarasin disclosed to newsmen that, in addition to official members in the group of the Austrian chancellor, the Austrian minister of economic affairs and the president of the Austrian trade union were among the group of visitors to Thailand. Deputy Prime Minister Phong reported that, as a result of the talks, they agreed to set up a joint Thai-Austrian committee.

[Begin recording] [Reporter] What will be the concerns of the joint committee?

[Phong] It will study various issues we have concerning work we are carrying out under cooperation now, such as control of water pollution, the Austrian technical school

in Sattahip, as well as investment and bilateral trade, which is still at a low level. We will try to expand trade between our two countries. [end recording]

Vietnam

Reportage on PRC 'Provocation' Against Spratlys

Spokesman Issues Statement

*OW0210155689 Hanoi International Service
in Mandarin 1130 GMT 2 Oct 89*

[Text] A Vietnamese Foreign Ministry spokesman issued a statement on 30 September reiterating that the construction of an economic-scientific-service complex on the continental shelf at Vung Tau-Con Dao special zone is within Vietnam's sovereignty and jurisdiction and in conformity with international law.

In addition, the Vietnamese Foreign Ministry spokesman refuted China's slanderous allegation that Vietnam had invaded several Chinese islands, unequivocally pointing out that such allegation was erroneous and a distortion of facts.

Protest Lodged at PRC Embassy

*BK0210134289 Hong Kong AFP in English 1320 GMT
2 Oct 89*

[By Alain Boebion]

[Excerpt] Hanoi, Oct 2 (AFP)—Vietnam on Monday accused China of sending warships to the disputed Spratly Islands and lodged a protest at the Beijing Embassy here condemning the action, which it said took place Friday and Saturday. "This Chinese act is a provocation and a violation of the sovereignty of Vietnam and causes concern in the countries of the region over Chinese intentions.

"Vietnam demands that China put an end to all such acts," the Foreign Ministry said in a statement, its second on the Spratlys dispute in 24 hours. It did not give details on the dispatch of Chinese warships to the South China Sea islands.

The ministry had issued a protest over the weekend charging that the Beijing government had made "deceptive remarks" when it accused Vietnam of beefing up its forces on the islands. On Thursday the Chinese Foreign Ministry spokesman accused Hanoi of "reinforcing its military presence on the Spratlys" and reaffirmed Beijing's sovereignty over the archipelago, located in the South China Sea about 400 kilometers (225 miles) southeast of Vietnam.

Hanoi reaffirmed its sovereignty over the archipelago, which is also claimed in whole or in part by Taiwan, Malaysia, and the Philippines. An unknown number of coral reefs and islands make up the Spratlys, scene in March 1988 of a violent clash between the Chinese and

Vietnamese Navies in which three Vietnamese died and 70 went missing, according to Hanoi.

Monday's communique confirmed that a representative of the Chinese Embassy had come to the Foreign Ministry on Monday to discuss the problem, without specifying whether the envoy was Ambassador Zhang Dewei or another Chinese diplomat. No member of Beijing's diplomatic corps here could be reached late Monday.

Vietnam announced plans on August 25 to build an economic and scientific center on the Spratlys, one week after Beijing revealed the same information and accused Hanoi of violating China's "territorial sovereignty." [passage omitted on background]

Vo Chi Cong Sends Greetings to PRC

*BK2909154889 Hanoi VNA in English 1531 GMT
29 Sep 89*

[Text] Hanoi VNA September 29—State Council President Vo Chi Cong has sent his warm greetings to Chinese President Yang Shangkun on the occasion of China's 40th National Day.

The Vietnamese leader said in his message:

"Vietnam and China are socialist neighbouring countries. The Vietnamese people and the Chinese people once united with and supported each other in their struggles for national independence and in their socialist construction. The government and people of Vietnam greatly treasure their friendly relations with the People's Republic of China and the traditional friendship between the peoples of Vietnam and China. I believe that, with endeavours from both sides, the friendly relations between the two countries as well as the time-honoured friendship between the peoples of Vietnam and China will certainly be restored soon in the interests of the two peoples, of peace and stability in Southeast Asia and the world over.

"At present, both Vietnam and China are conducting the process of renovation or reform, building their socialist countries for the happiness of their own people. I sincerely wish the Chinese people achievements in their national construction."

Participation in West Berlin Trade Fair Noted

*BK0210070089 Hanoi VNA in English 0553 GMT
2 Oct 89*

[Text] Hanoi VNA Oct 2—Vietnam took part in the 27th international fair "Partners of Progress" organized in West Berlin on September 27-30 with the participation of more than 900 firms from 73 developing countries.

This was the third consecutive year Vietnam participated in the annual fair.

The main exhibits displayed at the Vietnamese pavilion were ready-made garments, textiles and artworks. Through the fair, Vietnam signed with foreign partners a

number of trading contracts totalling 1.5 million deutsche marks, or 0.5 million more than last year.

Cooperation Pacts Signed With Bloc Countries

*BK3009085589 Hanoi VNA in English 0629 GMT
30 Sep 89*

[Text] Hanoi VNA Sept.30—Do Muoi, Politburo member of the Communist Party of Vietnam Central Committee and chairman of the Council of Ministers, on Sept. 29 cordially received the delegates to the 20th Conference of Presidents of the Central Unions of Industrial Cooperatives of Socialist Countries.

Talking with his guests from nine socialist countries, who visited him at the Presidential Palace here, Chairman Do Muoi welcomed the success of the conference and appreciated the new decisions of the conference, which uphold the practicality and efficiency of their respective organizations' economic activities.

Mrs. Frusina Tatsmau, member of the Romanian Communist Party Central Committee and president of the Romanian Union of Art and Handicraft Cooperatives, on behalf of all the delegates to the conference, thanked Chairman Do Muoi for reserving his time for them.

The conference was closed the same day after three days' working.

On this occasion, Vietnam signed a number of agreements with the Soviet Union, Poland, Bulgaria, Romania and Czechoslovakia for 1990 and the 1991-95 period for cooperation in the production of lacquerworks, garments, embroideries, laceworks, furniture, woolen carpets, canned fruit juice, sports instruments and technical equipment, in personnel training, in the exchange of economic information and production experiences, and in some other fields of activity.

Leaders Greet Anniversary of Pact With Bulgaria

*BK2909160389 Hanoi VNA in English 1510 GMT
29 Sep 89*

[Text] Hanoi VNA September 29—Vietnamese party and state leaders have sent their warmest greetings to their Bulgarian counterparts on the 10th anniversary of the Vietnam-Bulgaria Friendship and Cooperation Treaty.

The message, signed by Nguyen Van Linh, general secretary of the Communist Party of Vietnam Central Committee; Vo Chi Cong, president of the State Council; and Do Muoi, chairman of the Council of Ministers, was addressed to Todor Zhivkov, general secretary of the Bulgarian Communist Party [BCP] Central Committee and president of the State Council, and Prime Minister Georgi Atanasov. It reads:

"The signing of the friendship and cooperation treaty on October 1, 1979 is an important event, marking a new step of development in the militant solidarity, fraternal

friendship, and all-sided cooperation between the Socialist Republic of Vietnam and the People's Republic of Bulgaria on the basis of the principles of Marxism-Leninism and socialist internationalism.

"We note with joy that over the past ten years, the treaty, bringing into full play its effects, has promoted the constant development of the fraternal relations and cooperation between the two parties and countries, thus contributing to the strengthening of the solidarity among countries in the socialist community."

The Vietnamese leaders expressed their belief that the all-sided cooperation, the fraternal friendship and the militant solidarity between the two parties, states and peoples would be further consolidated and developed. They wished the fraternal Bulgarian people, under the leadership of the Bulgarian Communist Party headed by General Secretary Todor Zhivkov, new and still greater successes in the realization of the resolutions of the 13th Congress of the BCP, with a view to building Bulgaria into a developed socialist country.

Economic Cooperation With Bulgaria Examined

*BK0'10134089 Hanoi Domestic Service in Vietnamese
0015 GMT 1 Oct 89*

[Vu Qui article in connection with the 10th anniversary of the Vietnam-Bulgaria Treaty of Friendship and Cooperation]

[Summary] Vietnam and Bulgaria established economic relations in March 1956. "Ever since then, the two countries have constantly promoted their economic and trade cooperation in all fields."

"In 1988, on the basis of the results brought about by renovation of thinking in Vietnam and restructuring in Bulgaria, the two governments signed an agreement on direct cooperation and joint ventures between Vietnamese and Bulgarian enterprises."

Apart from increasing the volume of import-export products, "the Vietnamese and Bulgarian ministries and other sectors concerned have boldly mapped out various joint projects." For example, the Vietnamese Ministry of Agriculture and Food Industry has joined hands with its Bulgarian counterpart in devising various projects for food production and consumer products manufacture. In addition, the Association of Bulgarian Consumer Products Manufacturers and the Vietnam Union of Interbranch Handicraft Cooperatives have also worked on important projects for consumer goods, handicraft and fine arts products, and foodstuffs.

"Hanoi, Sofia, and other cities in Vietnam and Bulgaria have also participated in various cooperation programs," and scored initial results in hotel business, handicraft, and consumer products manufacture. Ha Bac, Bac Thai, Vinh Phu, Ha Nam Ninh, and other provinces of Vietnam have also made joint efforts with

their Bulgarian counterparts to turn out more volatile oil, soybean-based products, and other goods.

Many Vietnamese and Bulgarian corporations and enterprises have also worked toward the establishment of joint ventures in furniture, fine arts products, pork for export, pepper, dried bananas, ready-made garments, and leatherware.

Meanwhile, more efforts have been made to "boost rubber and coffee production on 20,000 and 10,000 ha of land respectively," and "direct goods exchanges valued at tens of millions of rubles per year" have been made by various Vietnamese and Bulgarian economic organizations.

SRV, UK-U.S. Trust Begin Joint Project

*BK0110091589 Hanoi VNA in English 0557 GMT
1 Oct 89*

[Text] Hanoi VNA Oct. 1—A workshop has been commissioned in Ho Chi Minh City for manufacturing filter cigarettes under the brand-name "Super." This is part of a joint project between VINATABA (Vietnam Tobacco Union) and BAT (British-American Tobacco Trust). With BAT's assistance, VINATABA has also put into operation a workshop making ribbons for cigarette rollers with an output of 250 strips per day. These ribbons have until recently been imported.

Nguyen Co Thach Meets Philippine Parliamentarians

*BK3009084989 Hanoi VNA in English 0623 GMT
30 Sep 89*

[Text] Hanoi VNA Sept. 30—A Philippine parliamentary delegation led by Rep. [Representative] Jose Yap, chairman of the Philippine Parliament's National Defence Council, visited Vietnam from Sept. 26-27.

The delegation, which had arrived here after witnessing the last Vietnamese troop pullout from Cambodia, was received by Nguyen Co Thach, vice-chairman of the Council of Ministers and foreign minister; and exchanged views with Vice-Foreign Minister Tran Quang Co.

Philippine Ambassador Cipriano O. Leron was present on both occasions.

The two sides exchanged views on strengthening the relations between the two countries and on the regional situation after the complete Vietnamese troop withdrawal from Cambodia. They also stressed the need to enhance the cooperation between the two countries as well as among countries in the region so as to proceed to building Southeast Asia into a region of peace, stability, friendship, cooperation and without nuclear weapons.

Friendship Association Invites Japanese Guests*BK0310085689 Hanoi VNA in English 0701 GMT
3 Oct 89*

[Text] Hanoi VNA October 3—Mr. Saito Gen, a Japanese personality, and Ms. Ichikawa Tokuko, chairwoman of the Tokyo Peace Committee, visited Vietnam at the invitation of the Vietnam-Japan Friendship Association.

While here, the guests visited President Ho Chi Minh's home and office.

They were received by Pham Van Dong, Vo Nguyen Giap and Prof. Vu Tuyen Hoang, president of the Vietnam-Japan Friendship Association.

UN Film To Discourage Boat People Departures*BK0310102489 Hong Kong AFP in English
1007 GMT 3 Oct 89*

[Text] Hanoi, Oct 3 (AFP)—Vietnam and the office of the United Nations High Commissioner for Refugees (UNHCR) are making a film on the tough camp life and bleak future awaiting boat people fleeing to Hong Kong in the hope of settling in the West. Shooting had begun, a UNHCR official said here, adding that the makers hoped to discourage Vietnamese from leaving the country illegally for first asylum ports, particularly Hong Kong. The official added that some urgency had been added to the project as figures showed that the number of boat people making their way to the British colony on the southern Chinese coast had risen again in late September.

(In Hong Kong, the government's refugee coordinator Mike Hanson on Tuesday welcomed the move. "We are very pleased," he said, adding that the documentary's Hong Kong footage would be provided by the UNHCR's local branch.)

Hong Kong hosts some 53,000 boat people, of whom about 75 percent are classed as migrants seeking a better way of life abroad rather than refugees from political persecution in Vietnam, having arrived since June 1988. Only those who arrived before June 15 last year plus about 10 percent of arrivals since are seen as refugees eligible for resettlement. Hong Kong wants to repatriate the rest compulsorily, but is facing opposition abroad.

The film is to be financed by the UNHCR, the Vietnamese Institute of Documentary Film and Vietnam television and will be shown all over northern Vietnam, whence most of the boat people headed for Hong Kong set out. It will first be shown on television, probably at the end of this month, and then publicly screened on video units set up in villages. Northern Vietnam's 20 million citizens own a mere 400,000 television sets between them.

UNHCR representative Charles Henry Bazoches said the film would pull no punches, unlike a film on refugees financed by authorities in southern Vietnam's Ho Chi Minh City which ended with the beautiful heroine plucked

out of the sea and into the arms and heart of a handsome Australian naval captain. Mr. Bazoches said the new documentary would depict the harsh realities facing the boat people and the tough and spartan conditions waiting for them in Hong Kong's stretched refugee camp facilities. He added that the film, which is being directed by the UNHCR, will also include interviews with officials in Hong Kong and resettlement countries and the thoughts of Vietnamese who have returned home under voluntary repatriation programmes this year.

The UNHCR is planning a second documentary to highlight the dangers facing boat people on the high seas, including ruthless pirates who rape, rob and murder.

Vietnam has given the green light for the voluntary repatriation of another group of about 250 boat people from Hong Kong. It will be the fifth group to return home under an agreement between London and Hanoi since March.

Activities Mark Return of Soldiers From Cambodia**Vo Chi Cong Signs Award Order***BK3009034689 Hanoi Domestic Service in Vietnamese
2300 GMT 28 Sep 89*

[Text] Vo Chi Cong, chairman of the Council of State, recently signed a decision to award the title of "Heroes of the People's Armed Forces" to 45 units and 8 individuals, including 5 fallen heroes, for their very outstanding achievements in safeguarding the fatherland's south-western border and in assisting the Cambodian revolution. These units and individuals are hailed as symbolizing revolutionary heroism and the spirit of proletarian internationalism of the people and Army of Vietnam.

'Solemn Ceremony' Held*BK0210155989 Hanoi VNA in English 1524 GMT
2 Oct 89*

[Text] Hanoi VNA October 2—A solemn ceremony was held in Ho Chi Minh City this afternoon by the Communist Party Central Committee, the National Assembly and the State Council to commend the Vietnamese Volunteer Army who have returned home after successfully fulfilling their internationalist obligation in Cambodia.

Present at the ceremony were State Council President Vo Chi Cong, National Assembly Chairman Le Quang Dao, Lawyer Nguyen Huu Tho, president of the Presidium of the Fatherland Front Central Committee and president of the State Committee for Reception of Vietnamese Army volunteers returning from Cambodia, General Le Duc Anh, defense minister, General Vo Nguyen Giap, vice-chairman of the Council of Ministers and vice-president of the reception committee, and many other senior officials. The Lao and Cambodian ambassadors to Vietnam were also on hand.

On behalf of the party, the National Assembly, the State Council and the Council of Ministers, President Vo Chi

Cong highly praised all officers and men of the volunteer army, the military and civilian experts, and many localities in Vietnam for their meritorious contributions to fulfilling Vietnam's internationalist obligation towards Cambodia.

He said:

"The officers and men of all Vietnamese Volunteer Army units, correctly carried out President Ho Chi Minh's teaching: 'Help rendered to a friend is self-help,' and in close coordination and solidarity with the Cambodian people and army, thwarted all enemy attacks and helped their comrades in arms build up their strength. In their ten years' fight in Cambodia, the Vietnamese volunteer troops displayed the unstained revolutionary virtues of the faithful internationalists, and fulfilled their glorious tasks entrusted by their country and people, leaving unforgettable, fine impressions in the hearts of the Cambodian people. The outstanding exploits of the Vietnamese volunteer troops have added glory to the revolutionary nature and heroic tradition of the Vietnam People's Army.

"Under the leadership of the People's Revolutionary Party of Kampuchea and enjoying the whole-hearted support and cooperation of Vietnam and Laos and the support and assistance of the Soviet Union and other socialist and friendly countries, the Cambodian revolution has gained very great victories, matured step by step, and continued growing stronger and stronger. Cambodia has been quickly revived. The international position of the State of Cambodia has been constantly enhanced. The Cambodian people and army have been able to shoulder the tasks of national construction and defence. The Vietnamese people are very glad at and fully believe in the inevitable success of the endeavours for national concord and the building of a peaceful, independent and non-aligned state in Cambodia."

The Vietnamese president continued: "The triumph of the Cambodian revolution has helped create favourable conditions for the Vietnamese people to build and defend their own country. The Vietnamese party, state, people, and armed forces will keep in mind forever the loyal sentiments of the Cambodian people, and express their deep gratitude to the fraternal Cambodian party, state and people. The Vietnamese people and armed forces are resolved to do their best to further strengthen the solidarity and friendship between Vietnam, Cambodia and Laos on the basis of equality, respect for one another's independence, sovereignty and territorial integrity."

Leaders Visit Troops

*BK0110160989 Hanoi VNA in English 1546 GMT
1 Oct 89*

[Text] Hanoi VNA Oct 1—Nguyen Huu Tho, vice president of the State Council, president of the Presidium of the Vietnam Fatherland Front Central Committee, and head of the State Committee for Receiving the Vietnamese Volunteer Troops Returning From Cambodia,

and Mrs. Nguyen Thi Dinh, member of the Communist Party of Vietnam Central Committee and president of the Vietnamese Women's Union, on Sept. 30 called on Division 330 of the Vietnamese volunteer army belonging to Front 979, which had just returned home.

Division 330 has been awarded the "Military Exploit" Order, First Class, by the Vietnamese state, and the "Angkor" Order by the Cambodian state, for the fulfilment of its internationalist mission in Cambodia.

They also visited Army Hospital 121 in the 9th Military Zone and handed the State Council's gifts over to the wounded and sick soldiers.

Earlier, on Sept. 28 Vice-President Nguyen Huu Tho and Gen. Vo Nguyen Giap called on the officers and men belonging to Front 479 now in the 7th Military Zone.

Ho Chi Minh City Holds Meeting

*BK2909131789 Hanoi Domestic Service in Vietnamese
1100 GMT 28 Sep 89*

[Report on 28 September meeting in Ho Chi Minh City to welcome repatriated Vietnamese soldiers]

[Summary] On the morning of 28 September, more than 10,000 people from all walks of life participated in a solemn meeting at Thong Nhat Square in Ho Chi Minh City to welcome home the Vietnamese Army volunteers who have outstandingly fulfilled their internationalist duty in Cambodia. The meeting was organized by the Ho Chi Minh City party committee, people's committee, fatherland front committee, and the 7th Military Region command.

Present at this solemn meeting were "Lawyer Nguyen Huu Tho, vice chairman of the Council of State, president of the Vietnam Fatherland Front Central Committee, and president of the state reception committee; General Vo Nguyen Giap, member of the party Central Committee and vice chairman of the Council of Ministers; Senior Lieutenant General Tran Van Quang, deputy minister of national defense; Ha Quang Du, first secretary of the Ho Chi Minh Communist Youth Union Central Committee; Vo Tran Chi, member of the party Central Committee and secretary of the Ho Chi Minh City party committee; Nguyen Vinh Nghiep, chairman of the Ho Chi Minh City people's committee; Nguyen Van Anh, member of the Ho Chi Minh City party committee standing body, chairman of the Ho Chi Minh City fatherland front committee, and president of the Ho Chi Minh City reception committee; Lieutenant General Nguyen Thoi Bung, commander of the 7th Military Region; and representatives of local sectors and echelons."

Also on hand to welcome back the Vietnamese Army volunteers were the Cambodian consul general and representatives of other diplomatic missions in Ho Chi Minh City. Large numbers of foreign observers as well as local and foreign newsmen were also present to witness and cover the event.

Speaking at the meeting, Nguyen Huu Tho, vice chairman of the Council of State, warmly welcomed those "beloved sons of the nation who have outstandingly fulfilled their glorious internationalist obligation" and praised them for "having fought shoulder to shoulder for nearly 11 years with the Cambodian people and Revolutionary Armed Forces in the struggle to defeat the genocidal Pol Pot regime; to protect the Vietnamese fatherland's territorial integrity; to bring about rebirth in Cambodia; and to consolidate the special solidarity and friendship between the fraternal peoples of Vietnam, Laos, and Cambodia."

On this occasion, the Council of State has decided to bestow the "Hero of the Armed Forces" title on 16 units and 3 individuals, the Ho Chi Minh Order to Fronts 479 and 779, and the Military Exploit Order to many other units of the Vietnamese volunteer army.

Can Tho Holds Meeting

BK3009160089 Hanoi VNA in English 1531 GMT 30 Sep 89

[Text] Hanoi VNA September 30—A 20,000-strong meeting was held in Can Tho, capital of the southern province of Hau Giang, this morning to welcome home the last units of Vietnamese volunteer army who had fulfilled their internationalist obligation in Cambodia.

Present at the meeting were, among others, Nguyen Huu Tho, vice-president of the State Council, president of the presidium of the Fatherland Front Central Committee [CC] and president of the state committee for reception of Vietnamese army volunteers returning from Cambodia; Ms. Nguyen Thi Dinh, member of the C.P.V. [Communist Party of Vietnam] Central Committee, vice-president of the State Council, and president of the Vietnamese Women's Union; Le Thanh Nhan, member of the C.P.V. C.C. and secretary of the Hau Giang Province's party committee; Nguyen Ha Phan, alternate member of the C.P.V. C.C. and president of Hau Giang people's committee; and Major-General Nguyen De, commander of the 9th Military Zone.

Addressing the meeting, Nguyen Ha Phan welcomed the volunteer soldiers of the Mekong River Delta who had fulfilled their internationalist obligation in Cambodia. He also expressed thanks to the party and people of Cambodia for their help to the Vietnamese Army volunteers.

For his part, Major-General Nguyen De reported on the achievements made by the army volunteers from the 9th Military Zone during 11 years of discharging internationalist duty in Cambodia, who had together with the Cambodian revolutionary army put out of action 150,000 enemy troops, disintegrated 13 enemy divisions and helped the Cambodian people develop production and consolidate their revolutionary power.

Speaking at the meeting, Ms. Nguyen Thi Dinh praised the great achievements of the army men and people of the

Mekong River Delta provinces in discharging their internationalist duty in Cambodia.

On this occasion, the Vietnamese state has conferred the "Hero of the Armed Forces" title on 11 units and three individuals, the "Ho Chi Minh" Order on Front 979, and other distinctions on a number of volunteer army units and soldiers of the military zone.

Also this morning, more than 10,000 people of Gia Lai-Kon Tum Province gathered in the provincial town of Pleiku to welcome repatriated soldiers of the Front 579.

Among those present was Vo Nguyen Giap, member of the C.P.V. Central Committee, vice chairman of the Council of Ministers and vice-president of the reception committee.

Pleiku Holds Ceremony

BK0110044889 Hanoi Domestic Service in Vietnamese 1100 GMT 30 Sep 89

[Text] The Gia Lai-Kon Tum provincial party and people's committees and the 5th Military Region held a solemn ceremony in the city of Pleiku on 30 September to welcome Vietnamese Army volunteers of Front 579 who returned to Vietnam after fulfilling their international duty in Cambodia.

Attending the ceremony were Senior General Vo Nguyen Giap, member of the Communist Party of Vietnam Central Committee, vice chairman of the Council of Ministers, and vice chairman of the state reception committee; Senior Lieutenant General Tran Van Quang, vice minister of national defense; Nguyen Van Si, member of the party Central Committee and secretary of the provincial party committee; (Ksor Tang) chairman of the provincial people's committee; and secretaries of party committees and chairmen of people's committees from provinces in the central highlands.

More than 10,000 people of ethnic minority groups, dressing in vivid colors, waved flags and carried flowers in their hands to warmly welcome the returning Vietnamese Army volunteers.

Major General Le Uan, commander of Front 579, and almost 7,000 Army volunteers together with tanks and armored cars moved safely into the city of Pleiku to attend this solemn ceremony.

Speaking at the ceremony, Senior Gen Vo Nguyen Giap, on behalf of the state reception committee, warmly commended the combatants and officers of Front 579 for their outstanding fulfillment of the lofty internationalist duty in Cambodia—officers and combatants who are now returning to enjoy the love and affection extended to them by countrymen of the ethnic minority groups in the central highlands. The senior general affirmed that the sentiments and close relations between the Vietnamese and Cambodian peoples will be everlasting and that efforts will be made to ensure that these relations remain firm.

Afterward, combatants and officers of Front 579, marched in full uniform past the ceremonial pavilion and the city's main streets which were bedecked with flags and flowers amid welcoming shouts by their countrymen of various ethnic minority groups.

Photo Exhibit Opens

BK0110161989 Hanoi VNA in English 1549 GMT
1 Oct 89

[Text] Hanoi VNA Oct 1—A photo exhibition on "The Vietnamese Volunteer Army in Cambodia" was opened at the Army Museum here today on the occasion of its complete withdrawal from Cambodia.

The exhibition highlights the special militant solidarity and friendship between the parties, peoples and armies of the two countries, and the timely, great and effective assistance given by the Vietnamese volunteer army in saving the Cambodian people from the Pol Pot clique's genocidal crime.

The exhibition also reflects the rapid growth of the Cambodian Revolutionary Armed Forces and people and their ability to defend and build the country by themselves.

VNA Cites Foreign Reaction to Pullout

BK0110085989 Hanoi VNA in English 0549 GMT
1 Oct 89

[Text] Hanoi VNA Oct [no date as received]—The French Communist Party newspaper "L'HUMANITE" on Sept. 29 said that after the Vietnamese troop pullout, the international community should make the United States and China stop their aid to the opposition Khmer groups. France, it pointed out, as co-chairman of the Paris international conference on Cambodia, must be first to take the initiative.

The Indian newspaper "THE HINDU" on Sept. 27 said the pullout of the last 26,000 Vietnamese troops from Cambodia, which was completed on Sept. 26, marked a new stage in the political structure of Southeast Asia. The paper held that it is now the international community's task to prevent the resurgence of the Pol Pot genocidal regime in Cambodia.

Speaking at the 44th U.N. General Assembly session in New York on Sept. 28, Afghan Foreign Minister Abdul Wakil welcomed the complete withdrawal of Vietnamese volunteer troops from Cambodia and called on other countries not to interfere in the internal affairs of the country.

Kenyan Foreign Minister Robert J. Ouko has acclaimed the positive progress made in the search for a solution to the Cambodian problem. Greek Foreign Minister Karolos Papoulias welcomed the withdrawal of all Vietnamese volunteer troops from Cambodia on schedule in spite of the fact that the Paris international conference had failed to bring about any results.

Indonesian Foreign Minister Ali Alatas described the Vietnamese pullout as contributive to the process of negotiations on the Cambodian question.

Spanish Foreign Minister Francio Fernandez Ordonez said that the Vietnamese Army withdrawal from Cambodia was a positive step toward establishing peace and stability in the country.

While receiving Vietnamese Vice Foreign Minister Nguyen Dy Nien during his visit to Iraq on Sept. 22-26, Iraqi Vice Foreign Minister Nazar Hamdun highly valued Vietnam's goodwill in settling the Cambodia issue as evidenced by its complete troop withdrawal from the country.

In the week ended Sept. 27, Iraqi television and press reported on moving farewell ceremonies held by the Cambodian people for the departing Vietnamese troops who had saved them from the Pol Potists' crime of genocide. They quoted the Cambodian public as expressing their resolve and capability of spoiling the Pol Pot clique's attempts at coming back to Cambodia after the complete Vietnamese troops pullout.

The daily "OCTOBER 14" of the People's Democratic Republic of Yemen in its Sept. 27 issue editorially acclaimed the withdrawal of the last Vietnamese units from Cambodia as proof of Vietnam's respect for the national sovereignty and permanent neutrality of Cambodia as well as of the maturity of the State of Cambodia. It called on the world community to respond to the goodwill of Vietnam and the state of Cambodia as manifested in the complete Vietnamese troop withdrawal from Cambodia.

Radio Urges End to Arms Supplies for Khmer Rouge

BK0210112589 Hanoi International Service in English
1000 GMT 2 Oct 89

["Station's Opinion"]

[Text] After the completion of the Vietnamese troop pullout from Cambodia, the settlement of the Cambodian issue entered a new stage. Vietnam's presence in Cambodia is no longer a pretext for anyone to obstruct the settlement of this burning issue. However, the Pol Pot supporters do not yet want to solve the Cambodian issue. Last week, they continued to supply weapons to the Khmer Rouge to commit crimes against the Cambodian people. Therefore, over the past few days, the Khmer Rouge attacked many areas of Cambodian territory.

As soon as the Vietnamese left Cambodia, fierce fighting took place. Therefore, to prevent a civil war and a resurgence of the genocidal Pol Pot regime in Cambodia became urgent and important task. To carry out this task, the pro-Pol Pot countries should immediately stop their arms supplies to them. This is not only a demand but also their task to be carried out in the present situation. In fact, only China and some circles in the U.S. Administration support the Khmer Rouge, who are

condemned by the whole world for their genocidal crimes against the Cambodian people.

U.S. Vice President Dan Quayle recently said that the U.S. does not want the Khmer Rouge to return to cause a civil war in Cambodia. Meanwhile, the ABC TV network stated that if the U.S. Government provides weapons to the Khmer Rouge, this amounts to renewing the civil war in Cambodia. Many countries have realized the importance of preventing a civil war in Cambodia after the complete withdrawal of the Vietnamese troops from that country.

Thai Prime Minister Chatchai Chunhawan confirmed the necessity to prevent a civil war in Cambodia and that Thailand wanted an early end to the conflict in Cambodia. He further added that his country will do whatever it can to prevent a civil war in Cambodia and to bring back peace there.

Meanwhile, the Australian Minister for Foreign Affairs Gareth Evans said that the U.S. should stop its arms supplies to the Khmer Rouge. Many foreign observers said that not only some but all the countries, especially responsible countries, should concentrate their efforts to prevent a civil war and the resurgence of the genocidal regime in Cambodia if they are really concerned with the vital interests of the Cambodian nation and peace of that country.

Cambodian People's View of Khmer Rouge

*BK0310115789 Hanoi International Service in English
1000 GMT 3 Oct 89*

[Station commentary]

[Text] Vietnam has completed its troop withdrawal from Cambodia. This fact has been acknowledged by the world. For their part, the Cambodian people affirm their stand not to accept any role of the Khmer Rouge in a future Government of Cambodia. In this connection, the Voice of Vietnam has this comment:

The press circles and politicians of the world have acknowledged that Vietnam has completed its pullout from Cambodia. Four hundred foreign newsmen who came to Cambodia to cover this event reported the fact that the last Vietnamese soldiers have left Cambodia. Mr (Daniel Roussel), a correspondent of the French newspaper L'HUMANITE remarked that the Cambodian people became aware of their responsibility in face of Vietnam's pullout. He quoted a Cambodian official as saying that the Cambodian people thank Vietnam three times over—for coming, for helping, and for returning. Commenting on this, Mr (Daniel Roussel) said: The Cambodian people's gratitude toward Vietnam proved that it's wrong to think that the presence of Vietnamese troops in Cambodia is a manifestation of expansionism. In fact, Vietnam has fulfilled its commitment with the Phnom Penh government.

Vietnam's pullout not only showed that it has fulfilled its noble international obligation but also created a new stage for the Cambodian people, the stage in which they themselves solve all their affairs while struggling against the move to cause a civil war and reimpose the genocidal Pol Pot regime. At present, from their sanctuaries on Thai soil, the Khmer Rouge are attempting to occupy part of Cambodian territory along the border of strategic importance such as Battambang and Pursat. Khmer Rouge is not only a threat to the Cambodia Administration but also to the people's aspiration to live in peace and happiness.

A Cambodian asked a correspondent of L'HUMANITE how he thought the Cambodian people could live in peace while many of them are wounded by mines laid in the fields by Pol Pot's agents and while their properties are robbed by those agents at night. For this very reason, after Vietnam's pullout, the Cambodian people wish to have a solution to the Cambodian issue, and this solution must exclude the Khmer Rouge. A cousin of Prince Sihanouk, Princess Lisa Sisowat said her husband and four daughters were killed by the Pol Pot clique. She has constantly praised for peace in the country. She hopes that there would be no representative of the Khmer Rouge in the future government in the country. This is also the aspiration of the entire Cambodian people, and those who are interested in the situation there should do their best to help the Cambodians to achieve their genuine desire.

Central Party School Marks 40th Anniversary

*BK2909154589 Hanoi VNA in English 1444 GMT
29 Sep 89*

[Text] Hanoi VNA September 29—In an article in NHAN DAN today marking the 40th founding anniversary of the Nguyen Ai Quoc Institute, Director Nguyen Duc Binh made known that the institute had trained 19,076 leading and managing cadres of the party.

He said: The institute was set up in February 1949 in Luong village, Dinh Hoa District, Bac Thai Province during the anti-French resistance war, under the original name of the Permanent Party School. It has since enjoyed special care from the Political Bureau and the Central Committee of the party, as well as President Ho Chi Minh and other party leaders who frequently called at the institute and kept its academic staff and students abreast of the party's line and viewpoints.

During the current renovation process, Nguyen Duc Binh went on, the Nguyen Ai Quoc Institute is striving to raise the quality and efficiency of its educational programme and compiling new textbooks to suit the new situation.

The institute is also broadening its scientific research in the direction of improving its educational quality and developing the party's doctrine, and its cooperation with the party institutes of fraternal socialist countries, especially Laos and Cambodia.

Nguyen Van Linh Address at Party School Ceremony

'First Installment'

BK0310041989 Hanoi Domestic Service in Vietnamese
1100 GMT 2 Oct 89

["First installment" of speech by CPV Central Committee General Secretary Nguyen Van Linh at ceremony held at Nguyen Ai Quoc Institute on 30 September to mark its 40th anniversary—read by announcer]

[Text] Dear comrades: I am very happy to attend and speak at this grand ceremony held to mark the 40th anniversary of the Nguyen Ai Quoc Institute. This is a great event in the political life of the institute—an event worthy of the attention of those concerned with the training of party cadres.

Over the past 40 years, the institute that bears the name of Uncle Ho has maintained rapid growth. From a few thatched buildings in the heart of the Viet Bac war zone, the institute now has a pleasant facility right in the heart of Hanoi. Previously each course had only a few students and the main purpose was to teach short-term advocacies and policies. Now each course has hundreds of trainees and covers classes that teach basic theory; provide basic, supplementary, and refresher training to postgraduates; and help train cadres for various friendly countries. There are also on-campus and in-service training.

Starting off with the pure duty of teaching, for several years foreign experts were needed to help teach some major subjects. Now, however, you comrades have assumed the entire task of teaching, including the training of postgraduates, while gradually broadening scientific research. Previously the school only taught a number of key Marxist-Leninist subjects; its academic staff was small and consisted mainly of personnel from various propaganda and mass organizations. Now the institute encompasses almost all scientific subjects needed for the development of the revolution and a contingent of well-trained cadres.

One of the institute's most important achievements over the years is that it has trained many cadres for the party and the state, thus meeting part of the revolutionary requirements for each stage. These cadres hold leading and key positions in various party and government echelons from the local to the central level and have played an important role in the teaching and study of Marxist-Leninist theory at many schools and institutes and in the ideological work of various fields of activity.

Over the past 40 years the institute has at various times carried different names. Each marked an important milestone in the growth of the institute and the many great and heavy tasks assigned to you, comrades. Therefore, at this grand ceremony the Nguyen Ai Quoc Institute fully deserves the highest distinction awarded by the party and the state—the Ho Chi Minh Order.

This is an appreciation of the party and the state for the institute's 40 years of activities and also a great source of encouragement for all of the institute's cadres, employees, and trainees.

On behalf of the Political Bureau and the party Central Committee, I heartily congratulate you, comrades, and share your joy.

Dear comrades, in accordance with the Leninist spirit, this anniversary will only have true meaning when we know how to look reflect on both our success and our shortcomings and, at the same time, examine those great tasks which await us in the period ahead. It is certain that this spirit will be thoroughly understood by you, comrades, on the occasion of the celebration of the 40th anniversary of the institute.

I would like to take this opportunity to speak to you about the issues:

First, the issue of how to undergo training to fully understand Marxism-Leninism and apply it correctly: As you know, one of the basic and urgent tasks on the ideological front is to correctly understand and apply Marxism-Leninism. We all know that in recent years, there have emerged in the world and even inside our country numerous different ways of evaluating Marxism-Leninism. Some people hold that it is outdated and was only suitable to the 19th century and the beginning of the 20th century. Others claim that it only fits certain countries. A more cautious contention says that today Marxism-Leninism is partly correct.

The reason there are so many different ways of evaluating Marxism-Leninism is that people have failed to understand it properly and have applied it incorrectly. In particular, when faced with prolonged socioeconomic difficulties and obstacles, instead of finding out the cause of this situation and coming up with countermeasures, a number of people have searched for causes from within the Marxist-Leninist doctrine which, based as it is on fundamental principles, plays a guiding role in understanding and improving the world. Under such circumstances, and given the intensified efforts of the imperialists' hostile propaganda tools, these people have even become uncertain about Marxism-Leninism.

It is totally correct to use reform and renovation to overcome the sluggishness and the state of being manipulated by the socioeconomic life. But the important point is what should be reformed and renovated and in what direction.

Definitely, reform and renovation do not mean changing the objectives of socialist construction, replacing the communist party's leading role, or substituting Marxism-Leninism with another doctrine. It is wrong to believe that all one has to do is faithfully apply the fundamental principles of Marxism-Leninism and ignore the specific conditions of each country and each stage of the revolution's development. This concept will surely lead to defeats in real

life situations. On the contrary, if one uses reform and renovation as a pretext for rejecting the fundamental principles of Marxism-Leninism, then this definitely means nothing but revisionism.

So far, numerous doctrines have been devised worldwide in an ambitious attempt to lead mankind to progress, but none of them can be said to have the same scientific and revolutionary character as Marxism-Leninism, which, thanks to its excellent and consistent nature, has presented people with a perfectly correct world outlook. Not only has Marxism-Leninism provided people with proper knowledge of the world, but it has also brought about changes for the better in the world because the theoretical principles of Marxism-Leninism have been translated into concrete actions by billions of people on our planet.

Is it true that the following principles of Marxism-Leninism have become outdated?

Marxism-Leninism has proved that socialist revolution and socialist construction cannot take their course without the Communist Party's leadership. The following question should be raised here: Is there any place in this world where the socialist revolution has ended in victory and reached the goals of implementing socialist construction and guaranteeing the people's right of mastery without the Communist Party's leadership?

Or let us suppose that the Communist Party becomes deviant and breaks away from the objectives, lines, principles, organizational patterns, and activities set forth by Lenin; then where will this process of reform and renovation end? Will it be possible for this process to retain its socialist nature?

So far, is there anything wrong with Marx's and Lenin's analysis of the inevitability of proletarian dictatorship during the period of transition from capitalism to communism?

As a means for the worker class to exert leadership through its own party—the Communist Party—and a venue for the worker-peasant alliance to assume a key role and join hands with people of all walks of life in the struggle against a small group of reactionaries, the proletarian dictatorship has the historic mission of building and defending the socialist fatherland and leading socialism to total victory. Therefore, there is no reason for the proletarian dictatorship to lose its significance, both at present and in the future. There is but one alternative: capitalist dictatorship or proletarian dictatorship. There is no middle-of-the-road path.

It is worth noting that only the Communists are bold enough to tell the plain truth because their undertaking is just and consistent with the interests of the majority of the people.

Marxism-Leninism has dealt with the capitalist economic structure with all its internal contradictions, inherent problems, and laws governing the various stages

of its evolution. Currently, because the rapid growth of its production forces and henceforth, the need to adapt itself to the situation in order to prolong its existence, modern capitalism has effected specific changes in the forms of its production relations.

Therefore, is it true that Marxism-Leninism's analysis of capitalism has become outdated? Is it true that capitalism may change its exploitative nature, overcome its internal contradictions, and abolish the laws governing its evolution now that its economic structure based on private ownership of production means remains intact?

Isn't it true that the realities of modern capitalism have clearly proven that there is no way to change the aforementioned attributes and that capitalism's internal contradictions have become more and more acute with each passing day?

The capitalist system will certainly be replaced by the socialist system. This is the principle nature of the law governing mankind's evolution. Nothing can resist this law.

'Second Installment'

BK0310071789 Hanoi Domestic Service in Vietnamese
1430 GMT 2 Oct 89

["Second installment" of speech by CPV Central Committee General Secretary Nguyen Van Linh at ceremony held at Nguyen Ai Quoc Institute on 30 September to mark its 40th anniversary—read by announcer]

[Text] When you study modern capitalism, I suggest that you examine it comprehensively and objectively. Previously, when speaking of a capitalist society, we merely saw its corrupt aspects and did not recognize its progresses in technology and management organization. Now, some people who have just begun to recognize the capitalist society only see its good aspects and pour out one-way praise. These are two deviations that must be overcome.

Just as when formerly we spoke of socialism, everything looked beautiful. Now, there are people who spare no words to criticize it. We must therefore study things objectively as they exist. It is most important that we see the nature and evolutionary trend of things. No matter what changes capitalism may make to adapt itself to the era, it remains always by nature capitalism with all its inherent attributes.

I do not want to cite many other similar examples. What I want to say is that when analyzing something, we must scrutinize its nature and not let its apparent mechanism fool us and cover up its real meaning. Nothing is more harmful and dangerous than oscillation and mistakes concerning issues of fundamental principles.

Reform and renovation do not negate or dismiss these principles because they are the boundaries between Communists and noncommunists, socialist and nonsocialist societies, and revolution and reformism. As a

doctrine on world conception and methodology, Marxism-Leninism cannot give specific answers to all concrete problems that arise in life. Marx personally did not intend to nor was he able to do this because he was a scientist and a dialectician. At that time, Marx and Engels were only able to assume the duty of analyzing how the new society was born out of the old one, thereby pointing out the principles and major orientations and the necessary methods to carry out the revolution and build a new society.

It was mainly in this spirit that Lenin said Marxists borrow only methods from Marxism, the method of dialectic materialism which Lenin considered the living soul of Marxism. Lenin applied Marx's methodology to study imperialism and proletarian revolution, and supplemented and developed Marxism to a new level to give birth to Marxism-Leninism.

Following the Russian October Revolution, the general laws of developing the state of social economy which Marx had discovered were applied by Lenin to lead socialist construction in the Soviet Union. One of the examples of this model application was the New Economic Policy (NEP). In order to avoid dogmatism and mechanically copying the Russian experience, Lenin specified several times that the Russian revolution holds both common traits of general international significance and special characteristics unlike other countries. War-time communism is one such special characteristic.

To sum up, what I want to say is that it is necessary to firmly grasp the fundamental principles of Marxism-Leninism and use them as a method to guide realistic operations. Principles are merely major guidelines. How common principles are manifested specifically in space and time in life must be answered through life itself. General abstract principles do not exist. Truth is always concrete and revolution creative. The common does not eliminate the extraordinary but is manifested by it. The extraordinary enriches the common.

Lenin said: The general law of development in world history does not eliminate, but encompasses a certain number of stages of development with some characteristics in terms of state or order of that development. (Footnote 1) (Lenin: "Selected Works," Progress Publishing House, Moscow, p 812)

The aforementioned guidance by Lenin has been followed by our party in the course of leading the Vietnamese revolution throughout the past 60 years. We must assert definitively that without creatively applying Marxism-Leninism, we would not have today's life. By firmly grasping the revolutionary and scientific nature of Marxism-Leninism, our party has promptly and accurately resolved a series of strategic and policy problems. It has steered the revolution boat through many rapids and falls and has advanced toward scoring victory after victory.

I would like to cite two particular issues of the former national democratic revolution in our country which our

party successfully applied. One was the party's front policy. From 1936 to 1939, fascism appeared in the world and prepared to wage war. In Vietnam at that time, our party advocated the policy of establishing the democratic front and temporarily setting aside the slogans of toppling imperialism and feudalism in order to focus the revolutionary spearhead on fascists and colonial reactionaries, and to demand minimum democratic rights.

The democratic front involved not only patriotic Vietnamese but also progressive Frenchmen in Indochina, and not only the working people but also the nationalist bourgeoisie and progressive landlords. On the basis of five basic strategic principles, our party adopted very flexible policies. It knew how to set aside inappropriate slogans and promptly advance appropriate ones. It knew how to combine illegal and legal with semi-legal forms of struggle, change the forms of struggle depending on the situation, greatly divide the enemy, and select the main one among several enemies. This is Marxism-Leninism's method of revolutionary dialectics. The front policy was successfully applied by our party to the various revolutionary stages that followed.

Second was the line and method of the people's war. In the history of mankind and modern revolution, nations have created many forms of the people's war to defeat stronger enemies; among these, Vietnam's experiences in the people's war hold a special position not only because of its marvelous successes but also because of its unique creations. Some countries leaned toward struggle in the cities while others used the rural areas to envelop the cities; but we adopted the form of attacking the enemies in all three rural, urban, and mountainous forest areas. While some countries leaned toward military attacks, we continuously used the three-pronged political, military, and civil proselytizing offensive.

When war occurred, the military prong did indeed play the decisive role. We developed the three categories of troops and combined the steel-like fist of regular forces with operations by local armed forces, the use of armed forces to fight the enemy with people's uprisings to win the right to mastery, and so forth.

Vietnam's people's warfare vividly manifests the idea of the Marxist-Leninist people's war of which Engels already had general notions. It is also a manifestation of the major Marxist-Leninist viewpoints on the role of the masses in the revolutionary struggle. Many other similar proofs can be cited. The main point I want to highlight through these proofs is that thanks to the creative application of general Marxist-Leninist principles, our party led the people to successfully achieve the August revolution, victoriously stage the two resistance struggles, complete the national democratic revolution countrywide, and advance our country into a new revolutionary stage—the socialist revolution.

The socialist revolution is a new ordeal for our party. Our party has strived to apply Marxism-Leninism—especially Marxist-Leninist doctrine on the period of transition—and

the experiences of fraternal countries to our country's specific situation. As a result, over the past 10 years or more, the revolution in our country has scored important victories. It promptly unified and advanced the entire country into the stage of socialist construction, built and consolidated the people's administration countrywide, won great victories in defending the fatherland and revolutionary gains and in fulfilling international duties, scored definite achievements in building the economic bases of socialism, and so forth.

However, in socialist construction, our party has exposed many weaknesses and shortcomings. We have committed serious, protracted mistakes. For example, we have not correctly understood Leninist principles on industrialization. While the country is still poor, has no accumulation of capital, and has not restored the post-war economy, we have already concentrated on building bases for large-scale heavy industries, especially heavy engineering that absorbs all investments and yields poor results in order to prolong the mechanism of bureaucratic subsidization and gradually annihilate the driving force of economic development. Being impatient and hasty in transformation, we wanted to promptly eliminate nonsocialist economic sectors even though these economic sectors still play a positive role in the long run. We have also neglected the production of goods, the laws of values, and so on.

The aforementioned mistakes and shortcomings have already been profoundly analyzed at the party's sixth congress and several party Central Committee plenums. They demonstrate that in several aspects, our party should surge forward and further renew itself much more so as to keep abreast of the revolutionary tasks in the present stage. Not only successes but also failures and mistakes show us that only by firmly grasping Marxism-Leninism—of which the living soul is dialectic materialism—and combining scientific principles with the country's specific conditions, can we successfully resolve the problems arising from revolutionary realities. Although we have learned much from success, we also know how to learn from temporary setbacks.

Do Muoi Addresses Party School Ceremony

*BK0110142689 Hanoi Domestic Service in Vietnamese
2300 GMT 29 Sep 89*

[Text] In commemoration of its 40th anniversary, the Nguyen Ai Quoc Institute held a conference recently to review 40 years of scientific research and to set forth orientations and tasks for scientific research in the days ahead.

On this occasion, the institute also held a ceremony to lay the cornerstone for the erection of a statue of President Ho Chi Minh, the founder of our party and the teacher who painstakingly trained many generations of party and state cadres.

Attending the conference were Comrade Do Muoi, member of the party Central Committee Political Bureau;

Comrade Dao Duy Tung, member of the Political Bureau and secretary of the party Central Committee; Comrade Phan Ngoc Tuong, member of the party Central Committee and minister of building; and Comrade Le Van Luong, former director of the institute. Also present were many professors and research cadres from various agencies, organizations, and sectors at the central level and in Hanoi, as well as from various colleges.

In a report read at the conference, Comrade Nguyen Duc Binh, member of the party Central Committee and professor and director of the Nguyen Ai Quoc Institute and president of its science council, said: Over the past 40 years, the institute's contingent of scientific research cadres have made an immense step in development, both quantitatively and qualitatively, thus gradually satisfying the needs arising from teaching and research activities and helping to accomplish the urgent demands set forth by the party and state in various revolutionary stages of the country.

The salient feature in the Nguyen Ai Quoc Institute's research work is the need to always firmly grasp the party's viewpoints and ensure a principled, scientific, and democratic character in scientific activities. Apart from compiling teaching materials, the institute has launched many practical scientific research projects. The institute's research projects on the contract system in agriculture and on social structures and policies and the various symposiums it held to review the 2-year implementation of the sixth party congress resolution and a number of international issues have, to a certain degree, contributed to assessing the situation in the country and defining lines and policies for our party and state.

In recent years, at the request of various sectors and localities, the institute has sent research cadres to participate in reviewing work in these sectors and localities. This is a form of combined scientific research with good, practical effects that is being developed by the institute.

The guideline for the Nguyen Ai Quoc Institute's scientific research in the days ahead is to continue improving the standards of management and organization and to conduct scientific research work with the participation of all forces, including students and research trainees.

The institute pays special attention to conducting research on questions that have been raised on our country's economy, culture, and society. The institute has set forth five major research orientations that will be concretized into 12 subjects focusing on matters related to renovation, management, and socialist accounting and business and on current social problems in our country and theoretical issues of Marxism-Leninism, as well as on a number of international issues in the present situation.

The conference also heard many scientific reports and statements focusing on matters related to theory and practice in our country and the world.

Addressing the conference, Comrade Dao Duy Tung stressed the need to closely combine research, service, and teaching with the effort to help solve our country's immediate and long-term problems. He also presented many views concerning fundamental issues in the institute's research work.

He said: Apart from theoretical research subjects, the institute should concentrate its research work on specific matters related to our economy and society which are of concern to the party. The Nguyen Ai Quoc Institute must continue to cooperate with all scientific agencies, colleges, and sectors in research activities in order to contribute rapidly and realistically to economic development and national defense in the immediate future and on a long-term basis.

On the afternoon of 29 September, amid an atmosphere of affection and emotion, Comrade Do Muoi visited the Nguyen Ai Quoc Institute and officiated at the ceremony to lay the cornerstone for the erection of President Ho Chi Minh's statue.

Speaking at the ceremony, Comrade Do Muoi said: Uncle Ho was the founder of new Vietnam. He was an internationalist fighter who fought and sacrificed throughout his life for the success of the world revolutionary movement and the ideal of communism. The combination of his great revolutionary intellect and brilliant, simple quality will forever serve as an example for all Vietnamese Communists and generations to follow.

As we erect Uncle Ho's statue, let us affirm our determination to persist in the objective of man that has been chosen by him and our party. Let us promise him that we will strive at all costs to materialize his divine ideals and wishes.

On behalf of various sectors, Comrade Phan Ngoc Tuong promised the chairman of the Council of Ministers that he would complete the erection of President Ho Chi Minh's statue on schedule with the best quality.

Nguyen Thanh Binh Attends National Youth Meeting

*BK0210161089 Hanoi VNA in English 1543 GMT
2 Oct 89*

[Text] Hanoi VNA October 2—A national meeting of representatives of the Vietnam Youth Federation was opened here today with the participation of 250 delegates from cities and provinces throughout the country and representatives of the Soviet, Lao, Cambodian, Cuban and Nicaraguan Embassies.

Nguyen Thanh Binh, Politburo member and secretary of the Communist Party of Vietnam Central Committee, was present at the opening ceremony.

Mrs Pham Phuong Thao, secretary of the Ho Chi Minh Communist Youth Union Central Committee and vice president and general secretary of the federation's Central Committee, reviewed the federation's activities in the past years, hailed the youth's contributions to the

country's renovation process and called for intensification of social activities and mass campaigns for the welfare of the youths and for rallying them in the common cause of national construction and defence.

Hanoi Party Committee Studies Plenum Resolution

*BK0210052289 Hanoi Domestic Service in Vietnamese
1430 GMT 1 Oct 89*

[Text] The Hanoi municipal party committee on held a conference of leading cadres on 27-29 September to study the party Central Committee's seventh plenum resolution. Those participating in the conference spent most of their time discussing the contents of the resolution, some points raised by the municipal party committee's leadership, and other issues faced by the capital of Hanoi in the current situation.

Comrade Pham The Duet, member of Communist Party of Vietnam Central Committee and secretary of the Hanoi municipal party committee, on behalf of the municipal party committee's leadership, summed up the the conference in line with the viewpoints expressed by participants to the conference. The conference stressed the capital's role in implementing the party Central Committee's seventh plenum resolution. Hanoi is and will be a firm stronghold of the party and state, symbolizing the nation's political capacity.

The Hanoi municipal party committee has formulated concrete plans for leading cadres to continue to study the party Central Committee's seventh plenum resolution after the conference, for expanding study of the resolution study to various party chapters, and for extensively disseminating the resolution to the people at large.

Nationwide Agricultural Production Reported

*BK0110090689 Hanoi Domestic Service in Vietnamese
1100 GMT 30 Sep 89*

[Summary] "The Ministry of Agriculture and Food Industry has reported that thus far, southern provinces have harvested 950,000 hectares of summer-fall rice or 91 percent of the cultivated area. It is a bumper summer-fall rice crop. These provinces have also planted 92 percent of the 10th-month rice area."

Meanwhile, northern provinces have harvested 40,000 hectares of the early 10th-month rice crop. According to reports from localities, the productivity of this rice crop is quite good. Phuc Tho and Dan Phuong Districts of Hanoi, for instance, have collected 40 quintals per hectare, while provinces in the Red River Delta have collected 30-40 quintals per hectare.

"At present, harmful insects are spreading on vast areas in localities. In northern provinces, insects have appeared on 230,000 hectares and damaged 50,000 hectares of ricefields. Compared with the same period

last year, the area damaged by harmful insects has increased by 20-30 percent. It is noteworthy that cotton leaf rollers, stem borers, and green and white rice leafhoppers are spreading mostly in the early and ripening 10th-month ricefields."

As of late September, about 30,000 hectares of winter subsidiary food crop had been planted in localities. Such corn varieties as MSB-49 and TSB-2 have been planted in many areas, but the pace of planting is slower than the previous year.

Fiji

Rabuka To Quit Politics, Retain Military Post

BK0310054389 Melbourne Overseas Service in English
0500 GMT 3 Oct 89

[Text] Fiji's coup leader, Major General Sitiveni Rabuka, says he will remain head of the Army rather than take up an offer to become a civilian deputy prime minister. Radio Australia's South Pacific correspondent (Jemima Gareth) says the general's decision was announced by Fiji's prime minister, Ratu Sir Kamisese Mara, after a Cabinet meeting in Suva this morning.

Late last week Ratu Mara said he would only stay on after the term of his interim government expires on 5 December if Gen Rabuka made a choice between the Army and politics.

He gave the general three options—to return to the barracks as commander of the Armed Forces, to remain in Cabinet as Army chief but with fewer ministerial responsibilities, or to resign his Army commission and become a civilian deputy prime minister.

Ratu Mara said Gen Rabuka had chosen the first option and would return to the barracks as commander of the Armed Forces after 5 December. He said the general had reached a decision after discussions with the president and with senior army officers.

Ratu Mara said Gen Rabuka had pledged his total support and loyalty to the president, the prime minister, and the interim government, and that he had expressed confidence in their plans to return Fiji to parliamentary government.

Gen Rabuka has not made any comment on his decision.

New Zealand

Palmer Urges Drift Net Ban, Criticizes France

BK0310054789 Melbourne Overseas Service in English
0500 GMT 3 Oct 89

[Text] New Zealand has called for a new United Nations body with binding powers to control world pollution as well as concerted world efforts to outlaw drift net fishing. The prime minister, Mr Geoffrey Palmer, told a press conference after his United Nations address that he had spoken to the secretary general, Mr Javier Perez de Cuellar, about ways to make the southwest Pacific a drift net-free zone.

He said the fish stocks simply could not take 2 more years of sustained drift net fishing and would be permanently depleted and damaged unless the practice ceased.

Mr Palmer called the 50-kilometer long net a wall of death, and noted that South Korea had temporarily halted the practice and Japan had offered to reduce its fleet but had taken no action.

He also called for the creation of a new United Nations body with the status of the Security Council which had the power to act, not just to talk, about the depletion of the ozone layer and climatic changes.

Mr Palmer also renewed New Zealand's request for the United Nations to obtain and verify a comprehensive nuclear test ban and criticized France for its continued testing in the South Pacific.

END OF

FICHE

DATE FILMED

05 Oct. 1989

